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APPENDIX
PART 5 OF 5

Report of the Special Examination
by James A. Morrison F.C.A.

of

CROWN TRUST COMPANY
GREYMAC TRUST COMPANY
SEAWAY TRUST COMPANY
GREYMAC MORTGAGE CORPORATION
AND
SEAWAY MORTGAGE CORPORATION

to

The Honorable Robert G. Elgie M.D.
Minister of Consumer and Commercial Relations
Province of Ontario

June 1983



Touche Ross

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REPORT OF JAMES A. MORRISON F.C.A.

to the Minister of Consumer and Commercial Relations,
pursuant to Section 152 of the Loan and Trust Corporations Act,
R.S.O. 1980, Chapter 249.

JUNE 30, 1983

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Greymac Mortgage cheque for
\$ 14 million as originally drawn

GREYMAC MORTGAGE CORPORATION
49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 (416) 591-1111

VOUCHER NO. 11882

October 7

1982

BANK OF MONTREAL
King & Yonge, 6 King St. West
Toronto, Ontario M5H 1K3

Fourteen Million dollars and zero cents.

\$14,000,000.00

GREYMAC MORTGAGE CORPORATION

PAY
TO THE
ORDER
OF

McCarthy & McCarthy in Trust

PER

COPY - NOT NEGOTIABLE

PER

GREYMAC MORTGAGE CORPORATION

Detach Before Depositing

VOUCHER NO. 11882

DATE	REFERENCE	PARTICULARS	AMOUNT
------	-----------	-------------	--------

Oct. 7/82

Re: HIT project loan

\$14,000,000

Greymac Mortgage cheque for
\$14 million as amended and processed

GREYMAC MORTGAGE CORPORATION

49 Yonge Street, Toronto, Ontario, Canada M5E 1H1 (416) 593-0111

11882

BANK OF MONTREAL
King & Yonge, 6 King St. West
Toronto, Ontario M5H 1K1

Fourteen Million dollars and zero cents.00/100

October 7 1982

14,000,000.00
GREYMAC MORTGAGE CORPORATION

PAY TO THE ORDER OF Prousky & Prousky

[Handwritten signature]

CERTIFIED

OCT 7 1982

2411 - BANK OF MONTREAL
6 KING ST. W. (NORTH TORONTO)
TORONTO, ONTARIO

24,118,000.00

[Handwritten signature]

Opinion of Gordon Traub,
Rotenberg & May dated
October 7, 1982 re Greymac
Mortgage

TRAUB ROSENBERG & MAY
ATTORNEYS

WILLIAM GORDON
BANK OF MONTREAL
100 KING STREET WEST
TORONTO, ONTARIO
M5X 1C5
IRWIN GREENBLATT

100 KING STREET WEST
TORONTO, ONTARIO

WILLIAM GORDON, O.C.

October 7th, 1982.

Greymac Mortgage Corporation
49 Yonge Street,
2nd Floor
Toronto, Ontario

Attention: Lyon Wexler, O.C.

Dear Sirs:

Re: Greymac Mortgage Corporation

You have enquired of us as to the Authority of Greymac Mortgage Corporation (the "Corporation") to enter into the following described loan transaction.

We understand from you that Greymac Credit Corporation is selling all shares that it presently holds in the Corporation pursuant to a transaction scheduled to be completed on October 7, 1982. We are advised that on completion of this transaction all rights and beneficial interest in such shares shall be transferred from Greymac Credit Corporation to the Purchaser, and accordingly Greymac Credit Corporation shall no longer have any further interest as a shareholder with respect to such shares of the Corporation.

We further understand from you that immediately following the completion of the aforesaid sale transaction, Greymac Mortgage Corporation proposes to lend to Greymac Credit Corporation the sum of Fourteen Million (\$14,000,000.00) Dollars on the security of no less than 225,807 common shares of Crown Trust Company. We understand that the shares of Crown Trust Company have been purchased by Greymac Credit Corporation pursuant to a binding agreement of Purchase and Sale at fair market value, requiring therein a follow-up bid with respect to all other common shares of Crown Trust Company at a per share price of Sixty-Two (\$62.00) Dollars.

We are further advised by you that Greymac Mortgage Corporation has presently no investment by loan or otherwise in the shares, bonds, debentures or stock of Crown Trust Company.

We have also been provided with the annual 1981 annual report of Crown Trust Company which appears to disclose therein at page 21 a return on average common equity over the last five years of at least 4%. We have also reviewed the balance sheet of Crown Trust Company as contained in the said 1981 annual report, which discloses a book value of the common shares of approximately \$2.00 per share.

Solely on the basis of the aforementioned information, and relying on the accuracy and veracity thereof, and having no particulars of the transaction by which Greymac Credit Corporation has acquired the shares of Crown Trust Company and without passing any views as to the propriety of such transaction, or the ownership of such shares, and further upon information received from you that none of the new shareholders, directors or officers of Greymac Mortgage Corporation who shall be in office immediately following the closing of the sale transaction by which Greymac Credit Corporation sells the shares of Greymac Mortgage Corporation to the new purchaser, nor any spouse or child of such new Director or officer, or any related group or a related corporation shall have any interest in the Borrower, Greymac Credit Corporation whatsoever, directly or indirectly, and further based on the assumption that the purchase price paid for the shares of Crown Trust Company by Greymac Credit Corporation is the fair market value of the shares as of this date, and without expressing any views on the permitted borrowing limits of the Corporation pursuant to s.60(3) and 60(6) of the Loan Companies Act, we are of the opinion subject to and based on all of the aforementioned matters that the loan by Greymac Mortgage Corporation to Greymac Credit Corporation, secured by no less than 225,807 common shares of Crown Trust Company is an authorized investment of Greymac Mortgage Corporation, provided that good and valid and binding security on no less than 225,807 common shares of Crown Trust Company is delivered to Greymac Mortgage Corporation.

Yours very truly,

GORDON, TRAUB, ROTENBERG & MAY

Per:

*Gordon, Traub, Rotenberg
or May*

Two agreements dated
October 7, 1982 between
BNA Realty and Greymac
Credit re shares of Crown
Trust

THIS AGREEMENT made in duplicate this 7th
day of October, 1982.

B E T W E E N:

BNA REALTY INC.

hereinafter called the "Vendor"

OF THE FIRST PART,

- and -

GREYMAC CREDIT CORPORATION,

hereinafter called the "Purchaser"

OF THE SECOND PART.

WHEREAS the Vendor is the beneficial owner of
11,929 common shares of the capital stock of Crown Trust
Company (hereinafter called "Crown");

AND WHEREAS the Purchaser wishes to acquire all of
the issued and outstanding common shares of Crown;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in
consideration of other good and valuable consideration and the
sum of TWO (\$2.00) DOLLARS now paid by each of the parties
to the other (the receipt and sufficiency of which is hereby
acknowledged) the parties agree as follows:

1. The Vendor agrees to sell and the Purchaser agrees
to purchase 11,929 issued and outstanding common shares of
Crown owned by the Vendor.
2. The purchase price shall be the sum of \$62.00
for each common share for a total purchase price of
\$739,598.00.
3. This Agreement of Purchase and Sale shall
be completed on the 7th day of October, 1982 at which time
the total purchase price shall become due and payable
by way of cash or certified cheque and the Vendor shall
deliver to the Purchaser 11,929 common shares of Crown duly
endorsed in blank with signatures guaranteed.
4. Closing shall take place at 3:00 p.m. Toronto

time on October 7th, 1982 or at such other time as agreed to between the parties hereto in writing.

5. The Vendor warrants as follows:

- (a) That the sale will not violate any agreements that it has entered into or any laws that it is subject to.
- (b) That it is a resident of Canada within the meaning of Section 116 of The Income Tax Act of Canada.

6. Time shall be of the essence of this Agreement and the contract arising from same.

7. This agreement constitutes the entire agreement between the parties hereto. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties other than as set out herein, and this agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

8. This Agreement shall enure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals under the hands of their proper signing officers duly authorized in that behalf.

SIGNED, SEALED AND DELIVERED)
in the presence of:)

BNA REALTY INC.
Per:  c/s

GREYMAC CREDIT CORPORATION
Per:  c/s

I, CHERYL MOORE

of the Borough of Scarborough

in the Municipality of Metropolitan Toronto

MAKE OATH AND SAY:

I am a subscribing witness to the attached instrument and

I was present and saw it executed under the

corporate seal of Greymac Credit Corporation

at the City of Toronto

on the 7th day of October, 1982

at 5 14 p.m.

SWORN before me at the City)
of Toronto, in the Municipality)
of Metropolitan Toronto, this)
7th day of October, 1982.)


A Commissioner, etc.)


Cheryl Moore

THIS AGREEMENT made in duplicate this 7th
day of October, 1982.

B E T W E E N:

BNA REALTY INC.

hereinafter called the "Vendor"

OF THE FIRST PART,

- and -

GREYMAC CREDIT CORPORATION,

hereinafter called the "Purchaser"

OF THE SECOND PART.

WHEREAS the Vendor is the beneficial owner of
236,556 common shares of the capital stock of Crown Trust
Company (hereinafter called "Crown");

AND WHEREAS the Purchaser wishes to acquire all of
the issued and outstanding common shares of Crown;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in
consideration of other good and valuable consideration and the
sum of TWO (\$2.00) DOLLARS now paid by each of the parties
to the other (the receipt and sufficiency of which is hereby
acknowledged) the parties agree as follows:

1. The Vendor agrees to sell and the Purchaser agrees
to purchase 236,556 issued and outstanding common shares of
Crown owned by the Vendor.

2. The purchase price shall be the sum of \$62.00
for each common share for a total purchase price of
\$14,666,472.00.

3. This Agreement of Purchase and Sale shall
be completed on the 7th day of October, 1982 at which time
the total purchase price shall become due and payable
by way of cash or certified cheque and the Vendor shall
deliver to the Purchaser 236,556 common shares of Crown duly
endorsed in blank with signatures guaranteed.

4. Closing shall take place at 3:00 p.m. Toronto

time on October 7th, 1982 or at such other time as agreed to between the parties hereto in writing.

5. The Vendor warrants as follows:

- (a) That the sale will not violate any agreements that it has entered into or any laws that it is subject to.
- (b) That it is a resident of Canada within the meaning of Section 116 of The Income Tax Act of Canada.

6. Time shall be of the essence of this Agreement and the contract arising from same.

7. This agreement constitutes the entire agreement between the parties hereto. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties other than as set out herein, and this agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

8. This Agreement shall enure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals under the hands of their proper signing officers duly authorized in that behalf.

SIGNED, SEALED AND DELIVERED
in the presence of:

BNA REALTY INC.

Per:  c/s

GREYMAC CREDIT CORPORATION

Per:  c/s

I, CHERYL MOORE

of the Borough of Scarborough

in the Municipality of Metropolitan Toronto

MAKE OATH AND SAY:

I am a subscribing witness to the attached instrument and

I was present and saw it executed under the

corporate seal of Greymac Credit Corporation

at the City of Toronto

on the 7th day of October, 1982

at 5:14 p.m.

SWORN before me at the City)
of Toronto, in the Municipality)
of Metropolitan Toronto, this)
7th day of October, 1982.)


A Commissioner, etc.)


Cheryl Moore

Letter dated November 24,
1982 from R. Wilson to the
directors of Greymac Mortgage

Fasken & Calvin

Executives
and
Solicitors

30th Floor
Toronto-Dominion Bank Tower

Box 30
Toronto-Dominion Centre
Toronto, Canada, M5K 1C1

Telephone 366-8381
Area Code 416
Telex 06-217765
Teletypes 264-7813

Frederic H. Felt	B. M. Sutherland, O.C.	D. J. D.
Albert J. Cohen, O.C.	George H. Barry	A. P. S.
F. D. Gibson, O.C.	Robert D. Wilson, O.C.	R. B. T.
Ronald J. Hays, O.C.	R. C. Hunter, O.C.	M. J. K.
T. E. Brown, O.C.	W. A. Fyfe, O.C.	R. W. G.
K. J. C. Harrison, O.C.	D. S. Atkinson, O.C.	L. H. P.
R. J. Green	R. E. Foster	D. O. M.
Stephen T. P. Park	N. J. Morris	A. L. S.
R. W. McDowell	W. P. Pless	D. O. G.
R. W. McInnes	A. H. Pless	D. R. S.
R. V. Coleman	P. E. Brand	D. R. S.
S. E. Blain	R. E. Morrison	A. J. C.
Peter L. Day	J. A. Lusk	A. H. L.
E. A. Crow	John D. Varley	D. J. H.
M. S. F. Watson	Rene A. Lomas	D. J. H.
A. C. Dewar	P. J. Zwick	D. J. H.
Peter R. Green	C. L. Sutherland	D. J. H.
D. A. Gannon	M. E. Hamilton	D. J. H.
L. Reche	Bernard Fraser	D. J. H.
Rosanne McCormick	J. D. Vincent	D. J. H.
David J. Wheat	K. M. McLoughlin	D. J. H.

Counsel: E. R. MacKenzie, O.C.
John C. Risk, O.C.

The Directors,
Greymac Mortgage Corporation,
c/o Isaac J. Van Lange, Esq.,
Suite 2220,
390 Bay Street,
Toronto, Ontario M5H 2Y2

November 24, 1982.

Gentlemen:

I am enclosing minutes of a purported directors meeting held on October 7, 1982 (Schedule A). If the meeting was properly constituted at any point it certainly was not properly held in that the quorum collapsed as the resignations of directors began. However, you will note that the resignations of all directors (except Mr. Charles James) are attached and, accordingly, the "old Board" left office on the morning of October 7, 1982.

Shares were transferred to Mr. Player et al, as directors qualifying shares, on the sale from Greymac Credit Corporation to 517252 Ontario Limited occurred. Messrs. Player and James and Mr. Player as the proxy of 517252 Ontario Limited met as shareholders and elected the appropriate directors and appointed the appropriate officers. Banking documents were given to the Bank of Montreal after the shareholders meeting.

The Department of Insurance has come upon a transaction which occurred that day which has given them some concern and I wish to draw it to your attention. I do not at the moment have the full facts. The sequence of events are (pursuant to my enquiries this week) as follows:

1. Prior to acquiring Greymac Mortgage Corporation, Mr. William Player and Mr. Charles James determined that they would make an accommodation loan to Greymac Credit Corporation of \$14 million, which was to be a short term loan and which was to be secured by 225,807 common shares of Crown Trust Company. The funds were, in fact, needed and used to complete the purchase of shares of Crown Trust Company.

The Directors
 Greymac Mortgage Corporation

November 24, 1982.

2. Mr. James signed a Greymac Mortgage Corporation cheque payable to McCarthy & McCarthy In Trust on his breakfast table on the morning of October 7, 1982. Mr. Player also signed a cheque payable to McCarthy & McCarthy In Trust on the morning of October 7, 1982. Mr. Player had seen a draft of the opinion of October 7, 1982 before he signed the cheque (the opinion was not then signed) and he gave the cheque to Mr. Wexler with instructions that he was to advance the cheque against receipt of the shares and the necessary documents. Mr. Player said Mr. Wexler agreed to receive the documents. A copy of the signed opinion of Gordon, Traub, Rotenberg & May dated October 7, 1982 is attached as Schedule B)

3. When I discussed this matter with Mr. James and Mr. Player on Friday, November 19, 1982, neither had any knowledge that the payee of the cheque had been altered from McCarthy & McCarthy In Trust to Prousky & Biback In Trust. Mr. James said that he was present in the Greymac Credit Corporation offices when "they went out with all the cheques to get them certified". Mr. James and I discussed the matter. He is satisfied that the alteration of the payee name must have occurred before the cheque was certified.

4. I spoke today (November 24, 1982) to Mr. Prousky (I have not spoken to Mr. Prousky before in this regard) and Mr. Prousky told me that he was a conduit for all of the cheques and that he received cheques from Credit, Mortgage, Trust and Rosenberg personally, and these cheques all came to his firm and he paid all of the cheques to McCarthy & McCarthy In Trust.

5. In a conversation at Mr. Lyon Wexler's office on Friday, November 19, 1982, Mr. Wexler looked at the office copy of the cheque and said it was evident that the cheque had been altered in the Greymac-Credit Corporation office on the same typewriter as the original cheque of Greymac Mortgage Corporation had been written. (The original \$14 million cheque, the endorsement thereon and a copy from the records of Greymac Mortgage Corporation are attached as Schedule C).

6. McCarthy & McCarthy were acting for Greymac Credit Corporation in the purchase of a 54% block of Crown Trust Company from CanWest. That closing occurred at Fraser & Beatty. At about the same time, a purchase was occurring (I do not know who was acting for Greymac Credit) of Mr. Joe Burnett's 30% interest in Crown Trust Company for Greymac Credit Corporation. This transaction may have occurred in Mr. Traub's office. (I have not yet spoken to Mr. Traub)

The Directors
Greymac Mortgage Corporation

November 24, 1982.

7. Why a cheque that was ultimately designed to go to McCarthy & McCarthy In Trust was altered to Prousky & Biback In Trust in order that Prousky & Biback could write a cheque to McCarthy & McCarthy In Trust continues to be a mystery at the moment. The Greymac Credit Corporation promissory note in favour of Greymac Mortgage Corporation (now marked "Cancelled") and a Direction dated the 7th day of October, 1982 to pay the above-noted funds to Messrs. Prousky and Biback or as they may direct, is attached as Schedule D.

8. I, however, deliver as Schedule E, a photocopy of a Security Agreement, executed by Greymac Credit Corporation and Greymac Mortgage Corporation relating to the pledge of shares of Crown Trust Company as collateral security for the \$14 million advance. As reported, the loan has been repaid and the 225,807 common shares of Crown Trust Company returned to the pledgor, Greymac Credit Corporation.

9. Also attached as Schedule F is a resolution of the directors of Greymac Credit Corporation dated October 7, 1982 relating to \$14 million to be secured by not less than 225,807 shares of Crown Trust Company. The rate on the note is 17%.

I am delivering a copy of this letter of Mr. Janda of the Department of Insurance in order to report to him what we have learned to date. I am attempting to speak to Mr. Traub and Mr. Allport. Particularly, I will discuss with Mr. Traub the movement of the 225,807 common shares of Crown Trust Company which were to be taken as collateral. Mr. Player's instructions to Mr. Wexler were quite specific that the monies were not to be delivered without receipt of the shares. At present I assume that Mr. Wexler or Mr. Traub took delivery of those shares.

When I have reached Mr. Traub and/or Mr. Allport, I will report again to you and Mr. Janda.

Yours sincerely,



Roger D. Wilson

RDW/amp
Enclosures

Further letter dated
November 24, 1982
from R. Wilson to the
directors of Greymac
Mortgage

Fasken & Calvin

30th Floor
Toronto-Dominion Bank Tower

Box 30
Toronto-Dominion Centre
Toronto, Canada, M5K 1C1

Telephone 366-8381
Area Code 416
Telex 06-217765
Telecopier 364-7813

Directors
And
Solicitors

Frederic M. Fell, O.C.	P.M. Sutherland, O.C.	R.N. Day
Albert J. Cohen, O.C.	George M. Bennett	A.D. G.
F.D. Gahan, O.C.	Robert D. Hynes, O.C.	P.B. Lee
Ronald J. Pelly, O.C.	D.L. Sweeney, O.C.	R.W. Lee
T.E. Brooks, O.C.	W.A. Kelly, O.C.	R.V. Gert
K.J. C. Hynes, O.C.	D.J. Hynes, O.C.	J.H. Hynes
J.M. Robinson, O.C.	P.B. Porter	C.G. Hynes
P.J. Green	T.L. Hynes	A.M. Scott
Stephen T.P. Risk	W. S. Pask	G.C. Gert
R.W. McDowell	A.H. Pask	O.R. Scott
R.W. McInnes	P. S. Brent	J.A. Gert
R.W. Gorman	P. S. Hannon	Anna E. P
S.B. Egan	J.A. Loran	William
Peter L. Ray	John R. Varley	O.C. Hynes
E.A. Gault	Fred A. Landa	O.C. Gert
M.S.P. Watson	P. J. Pask	D.N. Gert
A.C. Deshay	C.L. Sweeney	D.K. Gert
Peter R. Greene	M. E. Hynes	J.F. Gert
D.A. Cannon	Bartley Hynes	D.E. Gert
L. Roshni	C. J. Hynes	C. J. Gert
Rosanne McCormick	K. H. McLaughlin	S. Gert
David J. Wheat		

Counsel: B.P. MacLennan, O.C.
John C. Pask, O.C.

The Directors,
Greymac Mortgage Corporation,
c/o Isaac J. Van Lange, Esq.,
Suite 2220,
390 Bay Street,
Toronto, Ontario M5H 2Y2

November 24, 1982.

Gentlemen:

I am delivering to you a copy of Mr. Van Lange's letter to Mr. Page dated November 15, 1982 (Schedule A), plus a copy of a subsequent report by Thorne Riddell which has also gone forward to Mr. Page (Schedule B).

In paragraph 20 of his letter of November 15, Mr. Van Lange confirmed "Greymac Mortgage Corporation has had no mortgage participation in the mortgages taken by various Canadian trust companies on the 10,931 apartment units of Cadillac Fairview Corporation transferred to a number of foreign investors". Mr. Page's inspectors have drawn to Mr. Van Lange's attention that in the Agreement of Purchase and Sale from The Cadillac Fairview Corporation Limited to Greymac Credit Corporation dated August 24, 1982, part of the consideration (the earnest money) is to be:

- "(a) A deposit in the sum of TEN MILLION DOLLARS (\$10,000,000.00), by way of a Letter of Credit drawn on Greymac Mortgage Corporation, in form attached hereto as Schedule "B". In the event of non-completion of this transaction due to the default of the Vendor hereunder, the Letter of Credit shall be forthwith returned to the Purchaser;"

A copy of Schedule "B" (which appears to be a signed photocopy) is attached hereto as Schedule C. I obtained this copy of the agreement on November 23, 1982 when this matter was drawn to our attention by Mr. Janda's office. Also attached is a notification dated November 5, 1982 that the Letter of Credit is void (Schedule D). I have spoken to Mr. Player this morning and Mr. Player had no knowledge of this Letter of Credit either in August 1982 or at the date of purchase of the business.

Fasken & Calvin

- 2 -

The Directors
Greymac Mortgage Corporation

November 24, 1982.

There do not appear to be any minutes in Greymac Mortgage Corporation between March 12, 1982 and October 7, 1982. In any event, the minute books were not delivered to Mr. Van Lange until the move out of the Greymac Credit Corporation office on November 13, 1982.

I have had no reason to know and do not, at present know the draftsman of the Agreement of Purchase and Sale of August 24, 1982 nor of the Letter of Credit of August 17, 1982. We do not know which, if any, of the directors of Greymac Mortgage Corporation who were in office prior to October 7, 1982, knew of or authorized the \$10 million Letter of Credit. We merely draw it to your attention as a matter of record.

As an aside, there are a number of questions remaining as to the capacity of the federal Mortgage Corporation and the Ontario Trust Company to issue a Letter of Credit in these circumstances and to a related company. I also note that the Letter of Credit that was given is not a letter of Greymac Mortgage Corporation, as contemplated in the agreement, but is a joint Letter of Credit of Greymac Mortgage Corporation (a federal mortgage company) and Greymac Trust Company (a provincial trust company). It would appear that the signing parties for both Mortgage and Trust were Mr. James and Mr. Wexler, although you will appreciate that I am not a signature expert. The matter may prove to be immaterial to Greymac Mortgage Corporation, the Letter of Credit having been cancelled. However, if further facts come to our attention with respect to this unusual transaction, we will draw it to your attention.

We have sent a copy of this letter to Mr. Janda of the Department of Insurance in order that he can have available the information we are delivering to you.

Yours sincerely,



Roger D. Wilson

RDW/emp
Enclosures

S1 million promissory note
made by STM Investments
in favour of Gordo Realty
with letter attached (Park St.,
Mississauga transaction)

P R O M I S S O R Y N O T E

AMOUNT: \$1,000,000

DUE: February 25, 1987

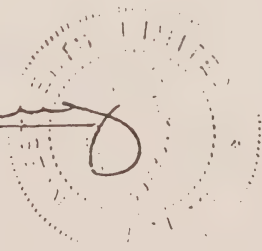
FOR VALUE RECEIVED, the undersigned, its successors and assigns promise to pay to the order of Gordo Realty the sum of ONE MILLION (\$1,000,000) DOLLARS, with interest chargeable thereon at the rate of twelve (12%) per centum per annum calculated and payable monthly not in advance. Payments of interest only shall be made on the ^{15th} day of each and every ~~month commencing March 15th~~ ^{15th}, 1982, through to and including February 25, 1987, with the said sum of ONE MILLION (\$1,000,000) DOLLARS becoming due and payable on February 25, 1987.

PROVIDED that the Maker, when not in default hereunder, shall have the privilege of paying the whole or any part of the principal sum hereby secured together with accrued interest, at any time or times, without notice or bonus.

DATED at Toronto, this 22nd day of February, 1982.

STM INVESTMENTS LIMITED

Per: 





GREYMAC

GREYMAC TRUST COMPANY GREYMAC MORTGAGE CORPORATION

390 Bay Street, 22nd Floor, Toronto, Ontario, Canada M5H 2Y2 Telephone 862-0111 Telex 06-22261

April 12, 1982

Mr. Roderick N. Petrey
Mahoney Hadlow & Valdes-Fauli
Attorneys and Counsellors
1401 AmeriFirst Building
One Southeast 3rd Avenue
Miami, Florida 33131
U.S.A.

Dear Rod:

Re: Gordo Realty

Pursuant to your client's request, I am forwarding a promissory note in the amount of \$1,000,000.00, which represents the advance your client made to S.T.M. Investments Limited.

Would you please forward this note to your client at your earliest convenience, as I am sure he would like to have it placed with his bank.

Yours very truly,

GREYMAC MORTGAGE CORPORATION

Per: Leonard Rosenberg
President

LCR/lr

Letter dated September 21,
1982 from B. Walton to the
Gordon, Traub firm re
Goderich Mall, Wasaga Beach
and London Apartments



*Copy taken for Bkr
Sept 23*

GREYMAC

GREYMAC TRUST COMPANY GREYMAC MORTGAGE CORPORATION

49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 Telephone 862-0111 Telex 06-22261

September 21, 1982

Gordon, Traub, Rotenberg & May
Barristers and Solicitors
Fifth Floor
390 Bay Street
Toronto, Ontario
M5H 2Y2

Attention: Mr. Steven Pearlstein

Dear Sirs:

Re: Greymac Properties Inc. purchase from
Kilderkin Investments Ltd., Goderich Mall

Greymac Realty Inc. purchase from Kilderkin
Investments Ltd., London Apartments

Further to your letter of September 17, 1982, this will serve to confirm our instructions with regard to the above-noted transactions.

GODERICH MALL

- (1) Greymac Properties Inc. will purchase this property from Kilderkin Investments Ltd. for \$4,500,000.00 in cash. The property will then immediately be sold by Greymac Properties Inc. to 517236 Ontario Limited for a sale price of \$6,000,000.00 payable as follows:
- Vendor take back first mortgage of \$4,500,000.00 with interest at 10% per annum for a term of 5 years and repayable in blended payments on a 25 year amortization schedule. This mortgage will be guaranteed personally by Joseph Vitello.
 - The taking back of a Promissory Note of \$500,000.00 at 15% per annum for a term of one year, interest and principal due on maturity with the personal guarantee of Joseph Vitello. This Promissory Note is being assigned as commission on the sale.
 - The sum of \$1,000,000.00 in cash.



Mr. Steven Pearlstein

-2-

September 21, 1982

WASAGA BEACH

- (2) Greymac Trust Company is committed to loan to 257331 Developments Limited the sum of \$1,000,000.00. This loan will be secured by a first mortgage on a parcel of vacant land in Wasaga Beach, Ontario which mortgage bears interest at the rate of 24% per annum, calculated annually, not in advance, for a term of one year with both interest and principal due on the maturity of the mortgage. This mortgage will be guaranteed by Joseph Vitello and Kilderkin Investments Ltd. and William Player. Before funds are advanced on this mortgage a valuation of \$1,400,000.00 for the property must be received in the form of a letter from the vendor with an undertaking from the vendor's solicitor to provide us with an appraisal as soon as possible in at least the same amount. This mortgage is to have a due on sale clause.

LONDON APARTMENTS

- (3) Greymac Realty Inc. in trust will purchase the above property from Kilderkin Investments Ltd. for a total purchase price of \$11,000,000.00 payable as follows:
- 2,750
- a. A Vendor take back wrap-around mortgage in the amount of \$8,250,000.00, bearing interest at the rate of 10% per annum for a term of 5 years and repayable in blended payments on a 25 year amortization schedule. This mortgage will wrap the first, second and third mortgages totalling \$4,200,000.00.
- 1,650,000 Cash - 1,100,000
Appl. Part.
- Greymac Realty Inc. in trust will lease back to Kilderkin the above premises on a net-net lease for a term of 10 years at a rental of \$1,100,000.00 per year for the first 5 years and the sum of \$1,320,000.00 per-year for the last 5 years of the term. Kilderkin will assume the obligations and benefits of all existing leases of the property on entering into this lease back, and the first year's rental is to be prepaid. Please note that there is 367 suites involved in the above property. Kilderkin is to hold Greymac harmless on anything arising from the lease backs.

Greymac Realty Inc. in trust is to share 50% in any profit on the sale of the lease back or Kilderkin's interest therein. Furthermore, we hereby confirm our instructions to your firm that you were simply to act as our solicitors in the review of documentation and the general scheme of this transaction and that you were authorized to accept and rely on the legal opinion of Broadhurst & Ball, Barristers and Solicitors, in regard to all corporate, municipal, title and other matters in regard to these transactions.

Yours very truly,

GREYMAC PROPERTIES, INC.
GREYMAC REALTY INC.

Per: Barry Walton
Executive Assistant to the
Office of the President

1073

Memorandum dated September 23,
1982 dated from Traub to B. Walton
re City Park Apartments

ATTENTION: B. WALTON	DEPARTMENT
FROM: WALTER TRAUB cc. VICTOR PRUSKY cc J. Linthwaite	DATE: SEPT. 23/82 SUBJECT: CITY PARK SALE

As you know, we have agreed to sell our interest in the City Park Apartments and land for \$17,000,000

- In respect thereof, we have agreed between purchaser and vendor as to the following allocation of the sales price

	(GREYMAC)	TRUST	REALTY	MORTGAGE	PTIES			
484 (land)	\$	1,377,550	\$	1,377,550	\$	1,377,550	\$	5,534,050
31 Adelaide		2,416,650	-		2,416,650	-		-
Parking lot		-		2,500,000	-		-	-
	\$	<u>3,794,200</u>	\$	<u>3,877,550</u>	\$	<u>3,794,200</u>	\$	<u>5,534,050</u>

B. Walton

Memorandum dated September 30,
1982 from Traub to B. Walton re
City Park Apartments

ATTENTION

B. WALTON

DEPARTMENT

FROM

WALTER TRAU
CC JOHN LUTHEWITE

DATE

SEPT. 30 '82

SUBJECT

CITY PARK SALE

FURTHER TO CLOSING THE CITY PARK TRANSACTION, FOLLOWING ARE YOUR INSTRUCTIONS FROM US REGARDING THE ALLOCATION OF THE SALES PROCEEDS

WALTON - GREENWICH TRUST REALTY MORTGAGE PTIES.				
CASH	\$ 943,650	\$ 1,056,350	\$ -	\$ -
MORTGAGES ASSUMED	571,200	571,200	571,200	2,286,400
MORTGAGE REC'BLE	2,279,350	-	3,223,000	3,247,650
50% INTEREST IN				
580 CHRISTIE ST.	-	2,250,000	-	-
	<u>\$ 3,790,200</u>	<u>\$ 3,877,550</u>	<u>\$ 3,794,200</u>	<u>\$ 5,534,050</u>

B. Walton

\$2 million promissary
note made by STM
Investments in favour
of Kilderkin (relating in
part to the Lumsden
Building transactions)

P R O M I S S O R Y N O T E

AMOUNT: \$2,000,000

DUE: February 12, 1992

copy

FOR VALUE RECEIVED, the undersigned, its successors and assigns promise to pay to the order of KILDERKIN INVESTMENTS LTD. the sum of TWO MILLION (\$2,000,000) DOLLARS, with interest chargeable thereon at the rate of eight (8%) per centum per annum calculated and payable monthly not in advance. Payments of interest only shall be made on the 15th day of each and every month commencing March 15th, 1982, through to and including February 12, 1992, with the said sum of TWO MILLION (\$2,000,000) DOLLARS becoming due and payable on February 12, 1992.

PROVIDED that the Maker, when not in default hereunder, shall have the privilege of paying the whole or any part of the principal sum hereby secured together with accrued interest, at any time or times, without notice or bonus.

PROVIDED, if not in default upon giving KILDERKIN INVESTMENTS LTD. (or the Holder) sixty (60) days written notice prior to maturity, the undersigned may renew the loan for a further ten (10) year term on the same terms, with no further right to extend or renew.

DATED at Toronto, this 12th day of February, 1982.

STM INVESTMENTS LIMITED

Per: 

Agreement between 435713, John --
Rose Securities and Construction
Limited and Buscarino dated April
1980 re Seaway Trust

THIS AGREEMENT made as of the 3rd day of April, 1980.

A M O N G:

435713 ONTARIO INC, a corporation
incorporated pursuant to The Business
Corporations Act of Ontario,

(hereinafter referred to as the "Corporation",)

OF THE FIRST PART;

- and -

JOHN-ROSE SECURITIES AND CONSTRUCTION LIMITED,
a corporation incorporated pursuant to The
Business Corporations Act of Ontario,

(hereinafter referred to as "John Limited",)

OF THE SECOND PART;

- and -

JOHN BUSCARINO, of the City of Port Colborne,
in the Regional Municipality of Niagara, in
the Province of Ontario, Executive,

(hereinafter referred to as "Buscarino",)

OF THE THIRD PART.

WHEREAS John Limited is the beneficial owner of
approximately 25,000 common shares in the capital of Seaway Trust
Company (hereinafter referred to as "Seaway"), a trust company
incorporated under The Loan and Trust Corporations Act;

AND WHEREAS Buscarino is the Secretary-Treasurer and
controlling shareholder of John Limited and is the President of
Seaway;

AND WHEREAS Buscarino is the beneficial owner of
approximately 45,000 common shares in the capital of Seaway, such



...at directly and indirectly through John Limited, Buscarino controls at approximately 70,000 shares of Seaway, representing approximately 58 percent of the issued and outstanding common shares of Seaway, but in any event not less than 58 percent of the issued and outstanding shares of Seaway;

AND WHEREAS Seaway has granted options to certain shareholders of Seaway to purchase further common shares of Seaway (the "Options"), and whereas 100,400 Options are presently outstanding;

AND WHEREAS Buscarino either directly or indirectly through John Limited presently holds approximately 81,000 Options;

AND WHEREAS the Corporation desires to purchase at a price of \$11.00 (CDN) per share the common shares of Seaway owned by John Limited and Buscarino. Thereafter to make a take-over bid for the balance of the common shares of Seaway owned by other shareholders resident in Canada, at a purchase price of \$11.00 (CDN) per common share and \$.01 (CDN) per Option;

AND in consideration of the premises, the mutual covenants and agreements hereinafter contained, and other good and valuable consideration the parties hereto agree as follows:

Representations and Warranties of John Limited and Buscarino:

1. John Limited and Buscarino hereby jointly and severally represent and warrant to the Corporation as follows:

A handwritten signature, possibly reading "J. E. ...", is written in dark ink in the lower right quadrant of the page.

(a) Seaway has been duly incorporated and organized under the laws of Ontario and is a valid and subsisting trust company under The Loan Trust Corporations Act of Ontario and John Limited has been incorporated under the laws of Ontario and is a valid and subsisting corporation under The Business Corporations Act of Ontario. Each of Seaway and John Limited is in good standing under such laws and is duly qualified in each jurisdiction where the nature of its properties and its business make such qualification necessary;

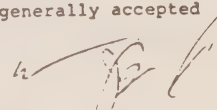
(b) The authorized capital of Seaway consists of 500,000 common shares (the "Common Shares") with a par value of \$10.00 each of which there are issued and outstanding as fully paid and non-assessable shares 120,035 Common Shares;

(c) John Limited is the beneficial owner of not less than 25,000 Common Shares;

(d) Buscarino is the beneficial owner of not less than 45,000 Common Shares;

(e) No person, firm or corporation has any option or right (written or otherwise) to purchase from Seaway or John Limited any issued or unissued shares of Seaway except for the Options issued by Seaway as otherwise disclosed herein;

(f) The audited financial statements of Seaway for the twelve months ended December 31, 1979, fairly set forth the financial position of Seaway and the results of its operations for the period indicated in accordance with generally accepted

A handwritten signature, possibly "J. P. L.", is written in dark ink over the bottom right portion of the text in paragraph (f).

accounting principles applied in a manner consistent with the previous year; (such financial statements are hereinafter referred to as the "Seaway Statements")

(g) All books, records and accounts of Seaway are current and up-to-date and reflect properly and accurately the business and operations carried on by it;

(h) The business of Seaway has been carried on in the ordinary course since October 13, 1978;

(i) No payments, bonuses, dividends or other distributions have been authorized or made since October 13, 1978, in respect of Seaway to any of its officers, directors, shareholders and employees except salary and other employee benefits paid in the ordinary course;

(j) Seaway is not a party to any union contract or collective agreement or to any written employment or termination agreement or to any pension, bonus, group insurance or other benefit plan, excepting a verbal commitment by Buscarino to Jim Walton, an employee of Seaway, of employment for a minimum period of one year commencing in November, 1979;

(k) Seaway has all licences and permits necessary or required to enable it to carry on the business and operations carried on by it and the same are in good standing, in full force and effect and unqualified;

(l) Seaway is in good standing under all leases, agreements, contracts, instruments, licences and permits to which it is party



and is entitled to all benefits thereof and no proceedings for the cancellation of any lease, agreement, contract, instrument, licence or permit are pending or have been threatened;

(m) There are no claims, actions, suits or proceedings subsisting or to the knowledge of John Limited or Buscarino threatened against, affecting or involving Seaway or its assets at law or in equity or before or by and federal, provincial, state, municipal, local or other government authority, commission, board, tribunal, agency or instrumentality whatever, domestic or foreign, except for a threatened action by Gord Stringer, a former employee of Seaway, for alleged wrongful dismissal;

(n) Seaway carried on business and owns or leases property only in the province of Ontario;

(o) The purchase and sale contemplated by this agreement will not constitute a violation of or a default under any order, judgment, decree, instrument or agreement, written or oral, or under any laws to which Seaway or John Limited or Buscarino is a party or subject, and such purchase and sale shall not constitute or result in a suspension, cancellation or revocation of any licence, permit, lease, contract or agreement to which Seaway is a party;

(p) After implementation of the purchase and sale contemplated by this agreement, neither John Limited nor Buscarino shall have any further interest in the assets employed in the businesses and undertakings of Seaway except as set forth therein;

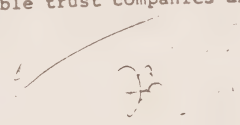
(q) Except for leaseholds and unpaid properties, Seaway has good title to all of the assets employed in its business and undertaking;

(r) Seaway filed all tax returns required by law and due provision has been made in the Seaway Statements for payments of all taxes due or to become due whether or not such taxes are now due and payable and whether or not disputed;

(s) No agent, broker, dealer or other person has been employed or retained by John Limited or Buscarino or is entitled to any finder's fee, commission or similar payment in connection with the purchase and sale contemplated by this agreement;

(t) There has been since February 28, 1980, no general increase in the remuneration of the employees of Seaway. No further increase in remuneration or change in the benefit plans of employees of Seaway shall take place prior to the closing without the consent of the Corporation;

(u) All physical properties and assets of Seaway are covered by fire and other insurance and indemnity bonds against casualty and other loss, customarily obtained to cover comparable properties and assets by trust companies operating in the region in which such properties and assets of Seaway are located, in amounts which are reasonable in light of existing replacement costs. Seaway carries public liability, and other usual types of insurance in reasonable amounts but not limited to a blanket indemnity bond in form and amount the equivalent of those carried by comparable trust companies and,




in particular, Seaway has carried indemnity bonds consistently since it commenced operations in 1978. A list of all policies of insurance and indemnity bonds carried by Seaway will be provided to the Corporation as soon as practicable after the signing of this agreement. Seaway has not received notification of cancellation of any such policies of insurance or bonds;

(v) Except for minor operating losses, disclosure of which has been made to the Corporation, and which the Corporation acknowledges, there has been no material change in the business, undertaking, assets or financial position of Seaway since December 31, 1979;

(w) The shareholders' equity of Seaway computed on a basis consistent with that used in the Seaway Statements is not less than \$1,171,249.00 as of February 28, 1980;

(x) Seaway has good and marketable title to the properties and assets which it owns subject to no mortgages, liens, charges, pledges or encumbrances except those noted in the Seaway Statement and except for minor title defects which in the aggregate do not materially adversely affect the value or use thereof;

(y) Except for minor defects not material in the aggregate, the property of Seaway has been adequately maintained, is in good condition and in its present use and operation, to the best of the knowledge and belief of John Limited and Buscarino, comply with all applicable statutes, ordinances, regulations, by-laws, orders and other laws;



(2) To the best knowledge of John Limited and Buscarino, Seaway has made no investments contrary to the provisions of Section 163 of The Loan and Trust Corporations Act;

(aa) Seaway has made no mortgage commitments in respect of mortgage loans in excess of \$160,00.00 to any one mortgagor in respect of any single property.

Representations and Warranties of the Corporation:

2. The Corporation hereby represents and warrants to John Limited and Buscarino as follows:

(a) As soon as is practicable, or 15 days after closing, whichever is sooner, the Corporation shall cause an Offer to be made to all common shareholders of Seaway resident in Canada (other than the Corporation, Buscarino and John Limited) to purchase all their Common Shares and Options for a purchase price of \$11.00 (CDN) per share and \$.01 (CDN) per Option; Any person holding common shares and options and offer to sell the said common shares must also offer to sell their options as aforesaid.

(b) The Corporation will provide Buscarino with a draft of the proposed take-over material when it is available;

(c) The Corporation warrants that any information concerning the Corporation to be contained in the draft take-over bid circular relating to the proposed offer to holders of Common Shares as set out in paragraph 2 (a), and to be delivered to Buscarino, will be substantially true and correct.



Terms of Purchase and Sale:

3. The transaction of purchase and sale contemplated by this agreement shall take place at 3 o'clock in the afternoon, local time, on the first business day before the 90th day after the date of this agreement or earlier at the option of the Corporation, or such earlier or later date or time as the parties or their respective counsel may mutually agree (such date and time being herein referred to as the "Closing").

4. Upon the execution of this agreement by Buscarino and John Limited, the Corporation shall pay to John Limited or Buscarino or his nominee, the sum of \$110,000.00 (CDN) in cash or certified funds. ✓

5. Upon payment of the said \$110,000.00, Buscarino shall transfer or cause John Limited to transfer or their nominee shall transfer to the Corporation absolutely, 10,000 Common Shares of Seaway in the aggregate.

6. On closing, the Corporation shall purchase and Buscarino and John Limited shall sell all of the Common Shares of Seaway held by them as of that date which together with the 10,000 shares mentioned in Section 5 hereof will represent not less than 58 percent of the issued and outstanding shares of Seaway and 79 percent of the outstanding Options of Seaway, on the following terms and conditions:

[Handwritten signature]

(a) Simultaneously on Closing, the Corporation shall deliver to Buscarino an irrevocable Letter of Credit from a chartered Canadian bank, in an amount equal to a sum calculated as follows:

\$11.00 (CDN) per share times the number of issued and outstanding shares of Seaway held by Buscarino and John Limited on Closing plus \$.01 (CDN) per Option times the number of Options held by Buscarino and John Limited on Closing, and Buscarino shall transfer or cause John Limited to transfer or the two together shall transfer to the Corporation absolutely the total number of shares ~~and Options~~ of Seaway held by them at Closing; The Options shall be delivered to the Corporation upon the Corporation having complied with the terms of Clause 2(a) in the within agreement.

(b) The amount of the irrevocable Letter of Credit with interest thereon at 12% per annum shall be paid to Buscarino or John Limited or as Buscarino may direct as follows:

- (i) one-half six months after the date of closing;
- (ii) the remaining one-half one year after the date of closing.

(c) Upon receipt by Buscarino or John Limited of the first one-half aforesaid, the Corporation shall be entitled to have the Letter of Credit reduced by the principal amount of the payment,

and John Limited and Buscarino shall co-operate and do all such things as may be required by the Bank on which the Letter of Credit is drawn in order to bring the reduction into effect, and upon payment of the remaining one-half aforesaid, the Letter of Credit shall be returned to the Corporation and cancelled.

The Corporation's Conditions of Closing:

7. The obligation of the Corporation to complete the transaction of purchase and sale contemplated by this agreement is subject to the performance and/or fulfilment of the following conditions at or prior to the Closing; provided, however, that the Corporation may in its sole discretion waive performance and/or fulfilment of any or all of such conditions:

(a) The shareholders and board of directors of John Limited shall have approved the purchase and sale contemplated hereby;

(b) Representatives of the Corporation including their Accountants shall have completed an investigation of the business, property, undertaking and affairs of Seaway and shall have been afforded the full co-operation of the management and personnel of Seaway for the purpose of such investigation and such investigation shall have revealed to the Corporation:

- (i) that the shareholders' equity of Seaway computed in a manner consistent with that used to produce the Seaway Statements is not less than \$1,171,249.00 at February 28, 1930; and

- (11) Except for the minor operation losses mentioned in Section 1 (v) that there has not been a material adverse change in the business, undertaking, properties or assets of any of Seaway since December 31, 1979, nor will there be such a change as a result of the conduct of the businesses and operations of Seaway by or on behalf of the Corporation;

(c) Upon closing, the Corporation shall acknowledge and agree that all representations and warranties herein ~~have been fully~~ satisfied by John Limited and Buscarino and upon completion of closing the said John Limited and Buscarino shall be released from any and all liabilities pursuant to this agreement;


(d) All authorities having jurisdiction over the business and affairs of the Corporation, Seaway and John Limited shall have been notified of and shall have approved and permitted the purchase and sale of the shares of John Limited and Buscarino, whether or not the approval or permission of any such authority is required by law as a condition precedent of such purchase and sale, provided that the Corporation shall have co-operated in obtaining such approvals and permissions, and without limiting the generality of the foregoing, upon approval of the take over of control of Seaway by the Corporation from Buscarino and John Limited, by the director of The Loan and Trust Corporations Branch of the Ministry of Consumer and Corporate Affairs;

(e) Buscarino shall have executed and delivered to Seaway and the Corporation a covenant, in the form of Schedules "A" hereto;

(f) The Corporation shall have received an opinion from the solicitors of John Limited, Seaway and Buscarino reporting favourably upon;

- (i) the due incorporation, organization and status of Seaway and John Limited;
- (ii) the authorized and issued capital of Seaway;
- (iii) the absence to the knowledge of such solicitors of impediment to the sale by John Limited of its Common Shares to the Corporation free and clear of liens, charges or encumbrances;
- (iv) to the best of their knowledge, the good standing of all licences, permits and authorizations of Seaway required to carry on its business and operation;
- (v) the absence, to the best of the knowledge of such solicitors, of litigation except as set forth in the Disclosure Letter and litigation which would have no material adverse effect on the assets and operations of Seaway;
- (vi) the representation contained in subsection (r) of Section 1 hereof is, to the best of the knowledge of such solicitors, true and correct on and as of the Closing and that such solicitors have no knowledge that the representation contained in subsection (aa) of Section 1 is untrue;
- (vii) the due authorization of the purchase and sale by John Limited;
- (viii) such other matters as the Corporation may reasonably require;

(g) Seaway shall have supplied the Corporation with a current list of the Common Shareholders of each of John Limited, Seaway, and Buscarino shall have supplied the Corporation with all necessary information relating to their business and affairs so as to enable the corporation to make full, true and plain disclosure of all material facts relating to the tender offer to purchase the Common Shares owned by all Canadian resident common shareholders, other than John Limited and Buscarino, as required under the applicable securities laws of the Province of Ontario;



(h) Buscarino and the directors and officers of John Limited shall have tendered resignations as directors and/or officers of Seaway;

(i) All leases of premises used by Seaway in the conduct of its business, whether Seaway is lessee or otherwise, shall be in good standing.

(j) The board of directors of the Corporation shall have approved the purchase and sale contemplated by this agreement;

(k) The board of directors of Seaway shall have recommended acceptance of the offer and shall have caused to be prepared and approved the directors' circular and authorized the sending thereof to such common shareholders recommending acceptance of the offer subject in all cases to minor additions, deletions and variations.

John Limited's and Buscarino's Conditions of Closing:

8. The obligations of John Limited to complete the transaction of purchase and sale contemplated by this agreement is subject to the performance and/or fulfilment of the following conditions at or prior to the Closing:

(a) The shareholders and board of directors of John Limited shall have approved the purchase and sale contemplated hereby; *C. Buscarino*

(b) Buscarino and John Limited shall have received from the Corporation satisfactory evidence to them that the Corporation will be in a position to pay the funds and to deliver the Letter of Credit due on Closing approved by the solicitors of Buscarino and John Limited; *C. Buscarino*


(c) The representations and warranties of the Corporation contained in Section 2 hereof are true, correct and accurate on the Closing as if made on and as of the Closing and two officers of the Corporation shall have jointly and severally so certified to John Limited and Buscarino.

General Covenants:

9. John Limited and Buscarino covenant and agree that they have used and will continue after the Closing to use their best efforts to make available to the Corporation at its option the services of substantially all of the present employees of Seaway on a continuing basis or as the Corporation may determine.

Section 247 Indemnity:

10. The Corporation agrees not to take any steps which will result in a substantial reduction of, or disappearance of, the assets of Seaway in such a manner that the whole or any part of any tax that might be otherwise have been or become payable under the Income Tax Act in consequence of any distribution of income of Seaway has been, or will be avoided. Without limiting the generality of the foregoing, the Corporation agrees to indemnify and hold harmless John Limited and Buscarino against any income tax assessment which may be made against either of them pursuant to the provisions of Section 247 of the Income Tax Act, or any section succeeding thereto or substituted therefor, as a result of any transactions effected by the Corporation or Seaway after the




sale to the Corporation of all the Common Shares of Seaway owned by John Limited and Buscarino which, in the opinion of the Minister of National Revenue was or is to effect a substantial reduction of, or disappearance of, the assets of Seaway in such a manner that the whole of any tax that may otherwise have been or become payable under the Income Tax Act in consequence of any distribution of income of Seaway has been or will be avoided.

11. It is understood and agreed among the parties hereto that the payment of \$110,000.00 by the Corporation to John Limited and/or Buscarino or his nominee on the execution of this agreement shall not be refundable or avoidable should this purchase and sale not be completed for any reason whatsoever.

12. Upon completion and in consideration of this transaction on Closing, Buscarino shall grant or cause to be granted to Seaway an Option exercisable upon to and including September 1, 1980, to purchase the building and the land on which it sits in Port Colborne where Seaway's head office is presently located at a price of \$250,000.00, purchase to be completed one month after the exercise of the said Option. The Corporation shall assume the existing mortgage and Buscarino shall take back a second mortgage for the balance bearing interest at a rate of 12% per annum and due on the same date as the first mortgage.

13. Time shall be of the essence hereof.

14. Any notice to be given pursuant to or concerning this agreement shall be in writing and may be given by mailing by prepaid registered mail addressed to the Corporation at 2810



Victoria Park Avenue, Suite 108, Willowdale, Ontario, to John Limited at 85 Clarence Street, Port Colborne, Ontario or Buscarino at 85 Clarence Street, Port Colborne, Ontario, or by delivering the same to the Corporation, John Limited or Buscarino at the said address. Any such notice if mailed, shall be deemed to have been given as of the business day following the day on which it is mailed.

15. This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

16. This agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF the limited corporations have hereunto set their hands and seals and John Buscarino has hereunto set his hand and seal the day and year first above written.

SIGNED, SEALED AND DELIVERED)

[Signature]

[Signature]

[Signature]

435713 ONTARIO INC.,

Per: *[Signature]*

JOHN-ROSE SECURITIES AND
CONSTRUCTION LIMITED

Per: *[Signature]*

[Signature]
John Buscarino



Further agreement re Seaway
Trust between 435713, John --
Rose Securities and Buscarino
dated June 1980

THIS AMENDING AGREEMENT made as of the 18th day
of June, 1980.

435713 ONTARIO INC., a corporation
incorporated pursuant to The Business
Corporations Act of Ontario,

(hereinafter referred to as the "Corporation")

OF THE FIRST PART;

- and -

JOHN-ROSE SECURITIES AND CONSTRUCTION LIMITED,
a corporation incorporated pursuant to The
Business Corporations Act of Ontario,

(hereinafter referred to as "John Limited")

OF THE SECOND PART;

- and -

JOHN BUSCARINO, of the City of Port Colborne,
in the Regional Municipality of Niagara, in
the Province of Ontario, Executive,

(hereinafter referred to as "Buscarino")

OF THE THIRD PART.

WHEREAS the Corporation, John Limited and Buscarino
entered into an agreement made as of the 3rd day of April, 1980,
for the purchase and sale of certain shares and options in the
capital of Seaway Trust Company (hereinafter referred to as
"Seaway"), a Trust Company incorporated and registered under
The Loan and Trust Corporations Act of Ontario (hereinafter
referred to as the "Agreement");

AND WHEREAS the Corporation, John Limited and Buscarino
are desirous of amending the agreement as hereinafter set out;

AND in consideration of the premises, the mutual covenants



and agreements hereinafter contained, and other good and valuable consideration the parties hereto agree that the Agreement shall be amended as follows:

1. Paragraph 1 (c) is deleted and the following substituted therefor:

"(c) John Limited is and will be at the time of closing herein the beneficial owner of 25,000 common shares and such shares are and will be at the time of transfer to the Corporation free and clear of all liens, charges or encumbrances of any kind or nature whatsoever;"

2. Paragraph 1 (d) of the Agreement is deleted and the following is substituted therefor:

"(d) Buscarino is and will be at the time of closing herein the beneficial owner of 45,000 common shares, and such shares are and will be at the time of transfer to the Corporation herein, free and clear of all liens, charges or encumbrances of any kind or nature whatsoever;"

3. Paragraph 1 (e) of the Agreement is amended by adding the words "or Buscarino" after the words "or John Limited" in the second line thereof.

4. Paragraph 1 (q) of the Agreement is deleted and the following substituted therefor:

"(q) The lease of the premises located at 85 Clarence Street, Port Colborne, and the long agreement of purchase and



sale under which Seaway purchased its Welland property, are and will be on Closing herein in good standing and enforceable by Seaway.

5. Paragraph 2 (a) of the Agreement is deleted and the following is substituted therefor:

"(a) Immediately following the completion of Closing, the Corporation shall cause an offer to be made to all common shareholders of Seaway resident in Ontario (other than the Corporation, Buscarino, and John Limited) to purchase all the common shares and options of Seaway held by them at the time of the offer at a purchase price of Eleven (\$11.00) Dollars (CDN) per share and One (\$0.01) Cent (CDN) per option, and at the expiration of thirty-five days from the making of the said offer, the Corporation shall take up and pay for the shares tendered at that time, payment to be made at Seaway's head office in Port Colborne, Ontario."

6. Paragraph 2 (c) is hereby amended by adding the words "before closing" after the word "Buscarino" in the fourth line thereof.

7. Paragraph 3 of the Agreement is deleted and the following is substituted therefor:

"3. The transaction of purchase and sale contemplated by this Agreement shall take place at 11:00 o'clock in the forenoon, local time, at the Head Office of Seaway, in the City of Port Colborne, Ontario, on Friday, June 27, 1980, or such earlier or later date or time as the parties may mutually agree (such date and time being herein referred to as the "Closing").



8. Paragraph 6 of the Agreement is deleted and the following is substituted therefor:

"6. On Closing, the Corporation shall purchase and Buscarino and John Limited shall sell, the 45,000 common shares held by Buscarino and 25,000 common shares held by John Limited which is and shall be on Closing not less than fifty-eight (58%) percent of the issued and outstanding shares of Seaway and all of the options held by Buscarino and or John Limited, which is and shall be on Closing not less than Seventy-nine (79%) percent of the outstanding options of Seaway, on the following terms and conditions:

(a) On Closing:

(i) the Corporation shall pay to Buscarino the sum of Fifty-five Thousand (\$55,000.00) Dollars (CDN) in cash or certified funds and Buscarino shall transfer to the Corporation 5,000 of the common shares held by him;

(ii) the Corporation shall deliver to Buscarino and irrevocable letter of credit from the chartered Canadian Bank in the amount of Four Hundred and Forty Thousand (\$440,000.00) Dollars (CDN) payable to him, and Buscarino shall transfer to the Corporation the remaining 40,000 of the common shares held by him;

(iii) the Corporation shall deliver to Buscarino an irrevocable letter of credit from a chartered Canadian Bank in the amount of Two Hundred and Seventy-Five Thousand (\$275,000.00) Dollars (CDN)

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payable to John Limited, and John Limited shall transfer the 25,000 shares held by it to the Corporation; and

(iv) the Corporation shall deliver to Buscarino in cash or certified funds in an amount equal to a sum calculated by multiplying the number of options held by Buscarino and/or John Limited on Closing times one cent (1¢) per option, and Buscarino and John Limited shall transfer to the Corporation all of the options held by the both of them.

(b) the amounts of the purchase price herein as represented by the two irrevocable letters of credit (being a total amount of Seven Hundred and Fifteen Thousand (\$715,000.00 Dollars) shall be paid by the Corporation to Buscarino and John Limited respectively or as Buscarino may direct, in cash or certified funds as follows:

(i) six months after the date of Closing or earlier at the option of the Corporation, the sum of Three Hundred and Fifty-Seven Thousand Five Hundred (\$357,500.00) Dollars (CDN), representing one-half of the total amount of the two letters of credit, plus interest thereon at the rate of twelve percent (12%) per annum, calculated annually:

A handwritten signature in dark ink, consisting of a stylized 'B' followed by a cursive flourish.

(ii) twelve months after the date of Closing, or earlier at the option of the Corporation, the further sum of Three Hundred and Fifty-Seven Thousand Five Hundred (\$357,500.00) Dollars, being the balance of the total amount of the two letters of credit herein, together with interest thereon at the rate of twelve percent (12%) per annum, calculated annually.

(c) Upon payment of the first Three Hundred and Fifty-Seven Thousand Five Hundred (\$357,500.00) Dollars together with interest thereon as aforesaid, the Corporation shall be entitled to have the total amount of the two letters of credit reduced by the sum of Three Hundred and Fifty-Seven Thousand Five Hundred (\$357,500.00) Dollars and Buscarino and John Limited shall cooperate and do all such things as may be required by the Bank on which the letters of credit are drawn including, but without limiting the generality of the foregoing, the cancellation of the letters of credit aforesaid and the substitution therefor of new letters of credit for the lesser amount, in order to bring the reduction into effect, and upon payment of the remaining sum of Three Hundred and Fifty-Seven Thousand Five Hundred (\$357,500.00) Dollars together with interest as aforesaid, the letters of credit or letters of credit substituted for them shall be returned to the Corporation for cancellation."

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9. Paragraph 7 (c) is deleted and the following substituted therefor:

"(c) Buscarino and Buscarino on behalf of John Limited shall respectively jointly and severally certify on Closing that the representations and warranties of Buscarino and John Limited contained herein shall be true and correct up to the time immediately preceding Closing. Upon completion of Closing, Buscarino and John Limited shall be released from any and all liabilities pursuant to this Agreement;"

10. Paragraph 7 (g) is hereby amended by striking out the words "each of John Limited" in the second line thereof.

11. Paragraph 7 (h) of the Agreement is deleted and the following substituted therefor:

"(h) Buscarino, his nominees, and the nominees of John Limited shall have tendered their resignations as directors and/or officers of Seaway and the resigning directors shall have been replaced by nominees of the Corporation. The resigning directors and officers shall have delivered to Seaway and its remaining officers and directors releases, in form and content acceptable to Counsel for the Corporation, releasing Seaway from any and all obligations, claims and liabilities of any nature or kind whatsoever, save and except for the sum of \$1,769.24 owing by Seaway to Buscarino representing four weeks vacation earned and presently unpaid.



12. Paragraph 7 (k) is hereby deleted and the following substituted therefor:

"(k) A copy of the offer referred to in paragraph 2 (a) hereof in the form in which it will be sent to the offerees set out therein, shall have been delivered to the solicitors for Buscarino and John Limited on or before June 25th, 1980, and the existing Board of Directors of Seaway prior to Closing shall have recommended acceptance of the offer and shall have caused to be prepared and approved a Directors' Circular with respect to the offer referred to in paragraph 2 (a) hereof, as prescribed by the Securities Act, 1978, of Ontario, and authorized the sending thereof to the offerees aforesaid, recommending acceptance of the offer, subject in all cases to minor deletions, additions and variations, and a copy of the said Directors' Circular shall have been delivered to the Corporation on Closing."

13. Paragraph 8 of the Agreement is amended by adding thereto the words "and Buscarino", after the words "John Limited", in the first line thereof.

14. Paragraph 8 (a) of the Agreement is amended by adding thereto, after the words "contemplated hereby" the following: "provided that Buscarino has exercised his best efforts to cause such approvals to be given."

A handwritten signature, possibly reading "C. J. [unclear]", is written in dark ink in the lower right quadrant of the page.

15. The Agreement shall continue in full force and effect as amended hereby.

IN WITNESS WHEREOF the limited Corporations have
hereunto set their hands and seals and John Buscarino has
hereunto set his hand and seal the day and year first above
written.

SIGNED, SEALED AND DELIVERED

435713/ONTARIO INC.

Per :

JOHN-ROSE SECURITIES AND
CONSTRUCTION LIMITED

Per:

John Buscarino

Agreement dated April 29,
1982 between Kilderkin and
435713

THIS AGREEMENT made the 29th day of April, 1982.

BETWEEN:

KILDERKIN INVESTMENTS LTD.
(hereinafter called the VENDOR)

OF THE FIRST PART

AND

435713 ONTARIO INC.
(hereinafter called the PURCHASER)

OF THE SECOND PART

WHEREAS the Vendor is desirous of selling certain mortgages in its portfolio and the Purchaser acquiring same on the terms hereinafter set forth;

WITNESSETH in consideration of these presents and the agreements exchanged, the parties hereto agree as follows:

1. The recitals form a part of this agreement.
2. The Vendor agrees to sell and the Purchaser agrees to purchase, by way of assignment, certain mortgages owned by the Vendor as set forth in Schedule "A" (the mortgages) annexed hereto.
3. The Vendor represents that the principal amount secured by the said mortgages as of April 1st, 1982, excluding in the case of any "wrap-around" mortgage the principal amount secured as of that date by the underlying mortgage, amounts to four million, nine hundred and eighty-six thousand -----(\$4,986,000.00)-----DOLLARS.

4. The purchase is to be effective as of April 30th, 1982. Interest shall be adjusted on closing as of April 30th, 1982, if accruing or payable under the mortgage. The Vendor's entitlement to interest under this paragraph shall be conditional upon the mortgagees being in good standing and the payments due prior to closing being made. If the first payment due after April 30th, 1982 is not received by the Purchaser the Vendor shall receive the amount of interest due to it hereunder if and when it is received by the Purchaser.
5. The purchase price for the mortgages shall be satisfied by the delivery to the Vendor or as it may direct of fully paid Series D preference shares of Seaway Trust Company in the principal amount of three million ---- (\$3,000,000.00)-DOLLARS with the rights, privileges, preferences, restrictions and conditions attached as set out in Schedule "B", the foregoing effective April 30, 1982.
6. The Vendor represents:
 - (i) Each of the mortgages is currently in good standing.
 - (ii) Each mortgage underlying a wrap-around mortgage is in good standing.
 - (iii) Each of the mortgages is a good and valid mortgage subject in priority only to the underlying mortgages referred to on Schedule "A" or subject to minor

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encumbrances such as easements, rights-of-way, whether in favour of a public utility, municipal authority or other person so long as the same do not materially impair the value of the real property or restrictions, restrictive covenants, site plan agreements, subdivision agreements or encroachment agreements provided the same have been complied with.

(iv) The Vendor owns the mortgages subject to no other right, pledge, encumbrance or interest.

(v) The average yield of the mortgages is % per annum.

7. This agreement shall be binding upon and enure to the benefit of the parties hereto, their successors and assigns. Specifically, the Vendor acknowledges that the Purchaser may further assign this agreement and in so doing is relying upon the representations and covenants of the Vendor herein.

8. The Vendor and Purchaser agree to execute such further and other documents and instruments as may be required to assign one to the other the respective interests acquired hereunder, including notices of assignment to the mortgagors

9. Registration of transfers shall take place on or before May 28th, 1982, at which time the mortgages shall be transferred by appropriate documents of transfer, whether assignments of mortgage, or transfer of charge. All documents of transfer shall be on stationers' forms of Dye & Durham

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or Newsome and Gilbert, amended only as required by the terms of this agreement. Documents of transfer shall be prepared by the Vendor at its expense and registered by the Purchaser at its expense. The Purchaser shall be allowed fifteen days from the date hereof to investigate title to the properties at its own expense. If within that time any valid objection is made in writing to the Vendor which the Vendor is unable or unwilling to remove and which the Purchaser will not waive this agreement shall, with respect to the mortgage affected, notwithstanding any intermediate acts or negotiations in respect of such objections, be null and void. Save as to any valid objections so made within such time the Purchaser shall be deemed conclusively to have accepted the Vendor's title. The Vendor shall be obliged to produce only those surveys or title documents within its possession.

10. Upon transfer registration the Vendor shall further assign to the Purchaser, in each case in the form satisfactory to counsel to the Purchaser acting reasonably:
 - (i) the benefit of all existing legal opinions and all right and entitlement to rely thereon in respect of any and all individual mortgage accounts; it being understood that the Vendor does not hereby nor shall it pursuant to such assignment warrant the accuracy or validity of any legal opinion so assigned;

(ii) all right and benefit as loss payee pursuant to any and all policies of insurance against fire and standard supplemental perils, maintained in respect of property affected by any individual mortgage security together with full particulars of insurance coverages so maintained within its possession;

and shall deliver to the Purchaser in each case duly executed by the Vendor, such Notice or Notices to individual mortgages concerning future mortgage payments and performance of all other obligations of the mortgagor in each individual mortgage security, as may be required or advised by counsel to the Purchaser acting reasonably.

11. This agreement represents the entire agreement between the parties with regard to the mortgage accounts purchased as herein and, as between the parties, there are no representations, warranties or conditions with regard to the mortgage accounts, expressed or implied, other than as expressly set forth herein.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective corporate seals under the hands of their proper signing officers duly authorized in that behalf.

KILDERKIN INVESTMENTS LTD.

PER: 

435713 ONTARIO INC.

1107 PER: 

SCHEDULE "A"

To an Agreement between KILDERKIN INVESTMENTS LTD. and
435713 ONTARIO INC.

I. WRAP AROUND MORTGAGE ON: 43 Weber Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%

MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983

MATURITY DATE: December 1, 1983

REGISTRATION NO.: 717557, December 3, 1981

UNDERLYING MORTGAGE: \$61,480.00⁺, Royal Trust, 10½%

MONTHLY PAYMENT: \$639.00

MATURITY DATE: September 15, 1983

WRAP AROUND MORTGAGE ON: 45 Weber Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%

MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983

MATURITY DATE: December 1, 1983

REGISTRATION NO.: 717559, December 3, 1981

UNDERLYING MORTGAGE: \$59,000.00⁺, Royal Trust, 10½%

MONTHLY PAYMENT: \$566.00

MATURITY DATE: June 15, 1983

FIRST MORTGAGE ON: 51 Weber Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%

MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983

MATURITY DATE: December 1, 1983

REGISTRATION NO.: 717555, December 3, 1981

FIRST MORTGAGE ON: 55 Weber Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%
MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983
MATURITY DATE: December 1, 1983
REGISTRATION NO.: 717558, December 3, 1981

WRAP AROUND MORTGAGE ON: 60-62 Scott Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%

MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983

MATURITY DATE: December 1, 1983

REGISTRATION NO.: 717556, December 3, 1981

UNDERLYING MORTGAGE: \$39,300.00[✓], Royal Trust, 14¹/₂%

MONTHLY PAYMENT: \$538.00

MATURITY DATE: February 15, 1983

Aggregate equity of the foregoing \$340,220.00±.

II. FOURTH MORTGAGE ON: 6 Adelaide Street East, Toronto

PRINCIPAL: \$3,637,000.00

DATED: February 10th, 1982

INTEREST RATE: 15%

MONTHLY PAYMENT: \$45,322.33, commencing March 12, 1982

MATURITY DATE: February 12, 1987

REGISTRATION NO.: CT519470, February 12, 1982

WRAP AROUND MORTGAGE ON: 6 Adelaide Street East, Toronto

PRINCIPAL: \$10,000,000.00 (\$1,000,000.00 beyond
underlying fourth Mortgage)

DATED: February 10, 1982

INTEREST RATE: 12%

MONTHLY PAYMENT: \$103,190.00, commencing March 12, 1982

MATURITY DATE: February 12, 1987

REGISTRATION NO.: CT519471, February 12, 1982

UNDERLYING MORTGAGES:

(a) FIRST MORTGAGE: \$2,078,616.16, Sterling Trust
Company, 10-3/4%

MONTHLY PAYMENT: \$18,888.24

MATURITY DATE: October 1, 1983

- (b) SECOND MORTGAGE: \$2,500,000.00, Kingsberg Property Investments Limited, 12%, interest only quarterly (February, May, August, November)

MATURITY DATE: February 12, 1985

- (c) THIRD MORTGAGE: \$775,000.00, Kingsberg Property Investments Limited, 12%, interest only quarterly (February, May, August, November)

MATURITY DATE: February 12, 1985

- (d) FOURTH MORTGAGE: Same as fourth Mortgage above

Agreement dated April 30,
1982 between 435713 and
Seaway Trust

THIS AGREEMENT made the 30th day of April, 1982.

BETWEEN:

435713 ONTARIO INC.
(hereinafter called "ONTARIO")

OF THE FIRST PART

AND

SEAWAY TRUST COMPANY
(hereinafter called "SEAWAY")

OF THE SECOND PART

WHEREAS Ontario has purchased from KILDERKIN INVESTMENTS LTD.
(Kilderkin) certain mortgages as set forth on Schedule "A"
annexed hereto having an average yield of % per annum
(the mortgages);

AND WHEREAS Seaway is desirous of purchasing the mortgages
from Ontario;

WITNESSETH in consideration of these presents and the covenants
and agreements given by each party to the other, the parties
hereto agree as follows:

1. The recitals form a part of this agreement.
2. Ontario agrees to sell the mortgages to Seaway and hereby directs Kilderkin to assign the mortgages acquired by it directly to Seaway.
3. Seaway agrees to purchase the mortgages and acknowledges it shall acquire title thereto by assignment directly from Kilderkin.

4. The purchase price to be paid by Seaway for the mortgages is Four million nine hundred and eighty-six thousand-----(\$4,986,000.00)-----DOLLARS.
5. The purchase price and subscription monies in the amount of Two hundred and fifty thousand ----- (\$250,000.00)-----DOLLARS shall be satisfied by the issuance of Series C and Series D preference shares in the principal amounts of Two Million----- \$2,000,000.00)-----DOLLARS and Three million-----(\$3,000,000.00)-----DOLLARS respectively, each class of shares having the rights, privileges, preferences, restrictions and conditions attached as set out in Schedule "B", all of the foregoing effective April 30, 1982.
6. Ontario represents:
 - (i) Each of the mortgages is currently in good standing.
 - (ii) Each mortgage underlying a wrap-around mortgage is in good standing.
 - (iii) Each of the mortgages is a good and valid mortgage subject in priority only to the underlying mortgages referred to on Schedule "A" or subject to minor encumbrances such as easements, rights-of-way, whether in favour of a public utility, municipal authority or other person so long as the same do not materially impair the value of the real property or restrictions,

PAGE THREE

restrictive covenants, site plan agreements, subdivision agreements or encroachment agreements, provided the same have been complied with.

- (iv) Ontario owns the mortgages subject to no other right, pledge, encumbrance or interest.
- (v) The average yield of the mortgages is % per annum.
- 7. This agreement shall be binding upon and enure to the benefit of the parties hereto, their successors and assigns.
- 8. Ontario and Seaway agree to execute such further and other documents and instruments as may be required to assign one to the other the respective interests acquired hereunder, including notices of assignment to the mortgagors.
- 9. The purchase is to be effective as of April 30th, 1982. Interest shall be adjusted on closing as of April 30th, 1982, if accruing or payable under the mortgage. The Vendor's entitlement to interest under this paragraph shall be conditional upon the mortgagees being in good standing and the payments due prior to closing being made. If the first payment due after April 30th, 1982 is not received by the Purchaser the Vendor shall receive the amount of interest due to it hereunder if and when it is received by the Purchaser.

10. Registration of transfers shall take place on or before May 28th, 1982, at which time the mortgages shall be transferred by appropriate documents of transfer, whether assignments of mortgage, or transfer of charge. All documents of transfer shall be on stationers' forms of Dye & Durham or Newsome and Gilbert, amended only as required by the terms of this agreement. Documents of transfer shall be prepared by the Vendor at its expense and registered by the Purchaser at its expense. The Purchaser shall be allowed fifteen days from the date hereof to investigate title to the properties at its own expense. If within that time any valid objection is made in writing to the Vendor which the Vendor is unable or unwilling to remove and which the Purchaser will not waive this agreement shall, with respect to the mortgage affected, notwithstanding any intermediate acts or negotiations in respect of such objections, be null and void. Save as to any valid objections so made within such time the Purchaser shall be deemed conclusively to have accepted the Vendor's title. The Vendor shall be obliged to produce only those surveys or title documents within its possession.
11. Upon transfer registration the Vendor shall further assign to the Purchaser, in each case in the form satisfactory to counsel to the Purchaser acting reasonably:
- (i) the benefit of all existing legal opinions and all right and entitlement to rely thereon in respect of

any and all individual mortgage accounts; it being understood that the Vendor does not hereby nor shall it pursuant to such assignment warrant the accuracy or validity of any legal opinion so assigned;

- (ii) all right and benefit as loss payee pursuant to any and all policies of insurance against fire and standard supplemental perils, maintained in respect of property affected by any individual mortgage security together with full particulars of insurance coverages so maintained within its possession;

and shall deliver to the Purchaser in each case duly executed by the Vendor, such Notice or Notices to individual mortgages concerning future mortgage payments and performance of all other obligations of the mortgagor in each individual mortgage security, as may be required or advised by counsel to the Purchaser acting reasonably.

This agreement represents the entire agreement between the parties with regard to the mortgage accounts purchased as herein and, as between the parties, there are no representations, warranties or conditions with

SCHEDULE "A"

To an agreement between 435713 ONTARIO INC. and SEAWAY TRUST COMPANY.

I. WRAP AROUND MORTGAGE ON: 43 Weber Street, Kitchener,
\$100,000.00
DATED: November 30, 1981
INTEREST RATE: 15%
MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983
MATURITY DATE: December 1, 1983
REGISTRATION NO.: 717557, December 3, 1981
UNDERLYING MORTGAGE: \$61,480.00±, Royal Trust, 10½%
MONTHLY PAYMENT: \$639.00
MATURITY DATE: September 15, 1983

WRAP AROUND MORTGAGE ON: 45 Weber Street, Kitchener,
\$100,000.00
DATED: November 30, 1981
INTEREST RATE: 15%
MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983
MATURITY DATE: December 1, 1983
REGISTRATION NO.: 717559, December 3, 1981
UNDERLYING MORTGAGE: \$59,000.00±, Royal Trust, 10½%
MONTHLY PAYMENT: \$566.00
MATURITY DATE: June 15, 1983

FIRST MORTGAGE ON: 51 Weber Street, Kitchener,
\$100,000.00
DATED: November 30, 1981
INTEREST RATE: 15%
MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983
MATURITY DATE: December 1, 1983
REGISTRATION NO.: 717555, December 3, 1981

FIRST MORTGAGE ON: 55 Weber Street, Kitchener,
\$100,000.00
DATED: November 30, 1981

INTEREST RATE: 15%
MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983
MATURITY DATE: December 1, 1983
REGISTRATION NO.: 717558, December 3, 1981

WRAP AROUND MORTGAGE ON: 60-62 Scott Street, Kitchener,
\$100,000.00

DATED: November 30, 1981

INTEREST RATE: 15%

MONTHLY PAYMENT: \$1,246.15 commencing July 1, 1983

MATURITY DATE: December 1, 1983

REGISTRATION NO.: 717556, December 3, 1981

UNDERLYING MORTGAGE: \$39,300.00±, Royal Trust, 14½%

MONTHLY PAYMENT: \$538.00

MATURITY DATE: February 15, 1983

Aggregate equity of the foregoing \$340,220.00±.

II. FOURTH MORTGAGE ON: 6 Adelaide Street East, Toronto

PRINCIPAL: \$3,637,000.00

DATED: February 10th, 1982

INTEREST RATE: 15%

MONTHLY PAYMENT: \$45,322.33, commencing March 12, 1982

MATURITY DATE: February 12, 1987

REGISTRATION NO.: CT519470, February 12, 1982

WRAP AROUND MORTGAGE ON: 6 Adelaide Street East, Toronto

PRINCIPAL: \$10,000,000.00 (\$1,000,000.00 beyond
underlying fourth Mortgage)

DATED: February 10, 1982

INTEREST RATE: 12%

MONTHLY PAYMENT: \$103,190.00, commencing March 12, 1982

MATURITY DATE: February 12, 1987

REGISTRATION NO.: CT519471, February 12, 1982

UNDERLYING MORTGAGES:

(a) FIRST MORTGAGE: \$2,078,616.16, Sterling Trust
Company, 10-3/4%

MONTHLY PAYMENT: \$18,888.24

MATURITY DATE: October 1, 1983

- (b) SECOND MORTGAGE: \$2,500,000.00, Kingsberg Property Investments Limited, 12%, interest only quarterly (February, May, August, November)

MATURITY DATE: February 12, 1985

- (c) THIRD MORTGAGE: \$775,000.00, Kingsberg Property Investments Limited, 12%, interest only quarterly (February, May, August, November)

MATURITY DATE: February 12, 1985

- (d) FOURTH MORTGAGE: Same as fourth Mortgage above

**\$10 million wrap around
mortgage on the Lumsden
Building**

This Indenture

made in duplicate the 10th day of February
one thousand nine hundred and eighty two.

In Pursuance of The Short Forms of Mortgages Act:

Between

SEAWAY TRUST COMPANY, in Trust, a Company
incorporated under The Loan and Trust Corporations
Act.

hereinafter called the Mortgagor OF THE FIRST PART;

KILDERKIN INVESTMENTS LTD. a Corporation
incorporated under the laws of the Province
of Ontario.

hereinafter called the Mortgagee OF THE SECOND PART;

Whereas the said Mortgagor at the time of the execution hereof is seised of an estate in fee simple in possession
of the lands hereinafter mentioned, and has applied to the Mortgagee for a loan upon mortgage thereof.

Now Therefore this Indenture Witnesseth that in consideration of TEN MILLION DOLLARS-----
----- (\$10,000,000.00) -----

DOLLARS
of lawful money of Canada now paid by the said Mortgagee to the said Mortgagor (the receipt whereof is here-
by acknowledged) the said Mortgagor doth grant and mortgage unto the said Mortgagee, his heirs, executors,
administrators, successors and assigns forever

THOSE lands and premises located in the following municipality, namely,
ALL AND SINGULAR that certain parcel or tract of land and premises,
situate, lying and being in the City of Toronto, in the Municipality
of Metropolitan Toronto

and being composed of part of Town Lot 1, on the north side of Adelaide
Street, in the City of Toronto, and butted and bounded as follows: the
is to say:

COMMENCING at the north-east corner formed by the intersection of Yonge
and Adelaide Streets on the easterly limit of Yonge Street northerly
limit of Adelaide Street;

THENCE NORTHERLY along the east limit of Yonge Street 63 feet 7 inches

THENCE EASTERLY parallel with Adelaide Street 98 feet 4 inches more or
less to a lane;

THENCE SOUTHERLY along the westerly limit of said lane and about
parallel with Yonge Street to Adelaide Street;

THENCE WESTERLY along Adelaide Street to the place of beginning.
NORTH side of Adelaide Street East as confirmed under The Boundaries A
by Plan BA-789 and registered on the 30th day of December, 1975 as
instrument No. CT157878.

TOGETHER WITH full right and liberty to the owners, their successors and assigns and them and their tenants and servants and all other persons authorized in that behalf by them from time to time and at all times hereafter at them and their pleasure for all purposes connected with the use and enjoyment of the said lands in common with any other persons entitled thereto, to pass and repass with or without horses and other animals, carts, waggons, carriages or other vehicles in, along and over said lane extending to Adelaide Street.

AND the said Spouse of the said Mortgagor, hereby consents to the transaction evidenced by this Indenture:

The amount of principal money secured by this Mortgage is **TEN MILLION DOLLARS**-----
----- (\$10,000,000.00) ----- **DOLLARS**
and the rate of interest chargeable thereon is **twelve (12%)** per centum per annum
calculated **half** yearly not in advance.

PROVIDED THIS MORTGAGE TO BE VOID upon payment of **TEN MILLION DOLLARS**-----
----- (\$10,000,000.00) ----- **DOLLARS**
of lawful money of Canada with interest at **twelve (12%)** per centum per annum
calculated as aforesaid, as well after as before maturity and both before and after default, as follows: -

Interest at the aforesaid rate on the amounts advanced from time to time, computed from
the respective dates of such advances, shall become due and be paid on the **12th**
day of **February** **1982**, and, thereafter, the sum of **TEN**
MILLION DOLLARS-----
----- (\$10,000,000.00) -----
with interest thereon at the aforesaid rate computed from the **12th**
day of **February** **1982**, shall become due and be paid in instalments
of **\$103,190.00** each, on the **12th** day of each and
every month in each and every year from and including the **12th**
day of **March** **1982**, to and including the **12th**
day of **January** **1987**,
(such instalments to be applied **FIRST** in payment of interest at the said rate, calculated as
aforesaid, on the principal from time to time unpaid, and the balance to be applied in reduction
of the principal sum) and the **BALANCE** of the said principal sum of **TEN MILLION**-----
----- (\$10,000,000.00) ----- **DOLLARS**
with interest thereon as aforesaid shall become due and payable on the **12th**
day of **February** **1987**.

AND Taxes and performance of Statute Labour;

And observance and performance of all covenants, proviso:

AND it is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrear for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in **three** months from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said lands.

THE MORTGAGOR agrees that neither the preparation, execution nor registration of this Indenture shall bind the Mortgagee to advance the money hereby secured, nor the advance of a part of the moneys secured hereby bind the Mortgagee to advance any unadvanced portion thereof, but nevertheless the estate hereby conveyed shall take effect forthwith upon the execution of these presents by the said Mortgagor, and the expenses of the examination of the title and of this Mortgage and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged hereby upon the said lands, and shall be without demand thereof, payable forthwith with interest at the rate provided for in this Mortgage, and in default the said Mortgagee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

AND the said Mortgagor covenants with the Mortgagee that in the event of non-payment of the said principal moneys at the time or times above provided, he shall not require the Mortgagee to accept payment of said principal moneys without first giving three months' previous notice in writing, or paying a bonus equal to three months interest in advance on the said principal moneys.

THE said Mortgagor covenants with the said Mortgagee that the Mortgagor will pay the Mortgage money an interest and observe the above proviso, and will pay as they fall due all taxes, rates and assessments, municipal local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the said lands and premises;

THAT the Mortgagor has a good title in fee simple to the said lands.

AND that he has the right to convey the said lands to the said Mortgagee;

AND that on default the Mortgagee shall have quiet possession of the said lands free from all encumbrances.

AND that the said Mortgagor will execute such further assurances of the said lands as may be requisite;

AND that the said Mortgagor has done no act to encumber the said lands;

AND that the said Mortgagor will insure the buildings on the said lands to the amount of not less than their full insurable value in dollars of lawful money of Canada. Without prejudice to the foregoing statutory clause, such buildings shall include all buildings whether now or hereafter erected on the said lands, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and such other risks or hazards as the Mortgagee may require. Evidence of continuation of all such insurance having been effected shall be produced to the Mortgagee at least three days before the expiration thereof; otherwise the Mortgagee may provide therefor and charge the premium paid and interest thereon at the rate aforesaid to the Mortgagor and the same shall be payable forthwith and shall also be a charge upon the said lands. It is further agreed that the Mortgagee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by him and also of his own accord may effect or maintain any insurance with interest at the rate aforesaid and shall also be a charge upon the said lands. All policies of insurance shall provide that loss, if any, shall be payable to the Mortgagee as his interest may appear, subject to standard form of Mortgage clause attached.

AND the said Mortgagor doth release to the said Mortgagee all his claims upon the said lands subject to the said proviso.

PROVIDED that the said Mortgagee on default of payment for at least fifteen days may on at least thirty-five days' notice enter on and lease the said lands or on default of payment for at least fifteen days may on at least thirty-five days' notice sell the said lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act, as amended. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the said lands, if occupied, or by placing it on the said lands if unoccupied, or at the option of the Mortgagee, by mailing it in a registered letter addressed to the Mortgagor at his last known address, or by publishing it once in a newspaper published in the county or district in which the lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained, or under disability. PROVIDED FURTHER, without prejudice to the statutory powers of the Mortgagee under the foregoing proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continue for two months after any payment of either falls due then the Mortgagee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Mortgagee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. AND it is hereby further agreed that the whole or any part or parts of the said lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the said lands or by reason of non-payment or procuring payment of moneys, secured hereby or otherwise, and that the Mortgagee may sell any of the said lands on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the said lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Mortgagee shall be bound to pay the Mortgagor only such moneys as have been actually received from purchasers after the satisfaction of the claims of the Mortgagee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

PROVIDED that the Mortgagee may distrain for arrears of interest. PROVIDED that the Mortgagee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

PROVIDED that in default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Mortgagee. PROVIDED that upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest shall immediately become due and payable at the option of the Mortgagee. PROVIDED that the Mortgagee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of said principal shall be as set out in the above proviso for redemption. PROVIDED further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. AND it is further agreed by and between the parties that the Mortgagee may at his discretion at all times release any part or parts of the said lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the said lands or any person from this Mortgage or from any of the covenants herein contained, it being especially agreed that every part or lot into which the mortgaged lands are or may hereafter be divided does and shall stand charged with the whole money hereby secured and no person shall have the right to require the mortgage moneys to be apportioned; and without being accountable to the Mortgagor for the value thereof, or for any moneys except those actually received by the Mortgagee.

PROVIDED that no extension of time given by the Mortgagee to the Mortgagor or any one claiming under him, or any other dealing by the Mortgagee with the owner or owners of the equity of redemption of said lands or of any part thereof, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for the payment of the money hereby secured, and that this Mortgage may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers. And it shall not be necessary to register any such agreement in order to retain priority for this Mortgage so altered over any instrument registered subsequently to this Mortgage. PROVIDED that nothing contained in this paragraph shall confer any right of renewal upon the Mortgagor.

PROVIDED further that no sale or other dealing by the Mortgagor with the equity of redemption in the said lands or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the moneys hereby secured.

THE Mortgagor covenants with the Mortgagee that he will keep the said lands and buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively, and that the Mortgagee may, whenever he deems necessary, by his agent enter upon and inspect the said mortgaged lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate aforesaid shall be added to the mortgage debt and be payable forthwith and be a charge upon the said lands prior to all claims thereon subsequent to these presents. And that if the Mortgagor shall neglect to keep the said premises in good condition and repair, or commit or permit any act of waste on the said lands (as to which the Mortgagee shall be sole judge) or make default as to any of the covenants, provisos, agreements or conditions contained in this Mortgage or in any mortgage to which this Mortgage is subject, all moneys hereby secured shall at the option of the Mortgagee forthwith become due and payable, and in default of payment of same with interest as in the case of payment before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

AND it is hereby agreed between the parties hereto that the Mortgagee may pay all premiums of insurance and all taxes, rates, utility and heating charges which shall from time to time fall due and be unpaid in respect of the mortgaged premises, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the said lands, and of negotiating this loan, investigating title, and registering the Mortgage and other necessary deeds, and other

WITH RESPECT TO municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the lands herein mortgaged, it is MUTUALLY AGREED between the parties hereto that:

- (1) The Mortgagee may deduct from the final advance of the moneys secured by this Charge an amount sufficient to pay the taxes which have become or will become due and payable on or before the day preceding the said date for adjustment of interest and which are unpaid at the date of such final advance.
- (2) After the date for adjustment of interest the Mortgagor shall pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.
- (3) Where the period between the date for adjustment of interest and the next following annual due date or first instalment date is less than one (1) year, the Mortgagor shall pay to the Mortgagee in equal monthly instalments, during the next succeeding twelve (12) month period, all taxes which should become due and payable during the said two (2) periods and during the balance of the year in which the said twelve (12) month period expires; and the Mortgagor shall also pay to the Mortgagee on demand, the amount, if any, by which the actual taxes exceed such estimated amount.
- (4) Except as provided in the last preceding clause, the Mortgagor shall, in each and every month, pay to the Mortgagee one-twelfth of the amount estimated by the Mortgagee of the taxes next becoming due and payable; and the Mortgagor shall also pay the Mortgagee on demand, the amount, if any, by which the actual taxes exceed such estimated amount.
- (5) The Mortgagee shall allow the Mortgagor interest at not less than the prevailing rates allowed by the Chartered Banks on personal saving deposits with chequing privileges, on the minimum monthly balance standing in the mortgage account from time to time to the credit of the Mortgagor's payment of taxes, such interest to be credited to the mortgage account not less frequently than once in each year, and the Mortgagor shall be charged interest, at the mortgage rate, on the debit balance, if any, in the mortgage account after payment of taxes by the Mortgagee, until such debit balance is fully repaid.

The Mortgagee agrees to apply such deduction and payments on the taxes chargeable against the said lands so long as the Mortgagor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Mortgagor to apply such payments on account of taxes more frequently than yearly. PROVIDED, however, that if before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal or interest as herein provided, the Mortgagee may apply such sum or sums in or following payment of the principal and/or interest in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notice, tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by him.

NOTWITHSTANDING the provisions of Clause (2), the Mortgagee may request the Mortgagor to pay the taxes as and when such taxes become due and submit to the Mortgagee tax receipts evidencing the payment of the said taxes within 30 days after they become due, and in such case, the aforesaid monthly instalment, where applicable, will be adjusted accordingly.

PROVIDED that if the Mortgagor shall become bankrupt or dispose, in any way, of his interest in the property herein mortgaged, or in the event of death of the mortgagor (or either of them) during the term hereof, then the moneys hereby secured shall become due and payable at the option of the Mortgagee.

PROVIDED that upon the Mortgagor selling, transferring, conveying, assigning, mortgaging, leasing or in any way dealing with equity of redemption of the interest in the lands herein without the express written consent of the mortgagee herein, the said principal sum together with all interest thereon at the option of the mortgagee shall immediately become due and payable without notice being given of any action by the Mortgagee as default of payment the mortgagee may exercise any of the remedies available hereunder to enforce payment including the power of entering into leasing or selling the said lands.

THE MORTGAGOR agrees to supply the Mortgagee annually with twelve (12) postdated cheques to cover the monthly payments hereunder and to deliver such cheques in care of the Mortgagee upon request at the beginning of each twelve (12) month period. IT IS FURTHER agreed that the Mortgagee is entitled to add a penalty of Twenty (\$20.00) Dollars to the principal outstanding for any payments not made when due or for any of the Mortgagor's cheques not honoured. Any default under this covenant shall be considered a default under the mortgage.

ANY AGREEMENT for renewal or extension of the term of this mortgage or for any variation of its terms and conditions shall not have to be registered but shall be effectual and binding on the mortgagor and on any subsequent mortgagee or party interested in the mortgaged premises or any part thereto, to all intents and purposes, and shall take priority as against any assignee or subsequent mortgagee or such party when deposited in or held at the office of the mortgagee and shall not release or effect any covenant or agreement herein or collateral hereto.

The Mortgagor further declares that the capital sum of approximately TWO MILLION, FIFTY THOUSAND DOLLARS----- Dollars
 -----(\$2,050,000.00)-----
 together with interest thereon or on the balance thereof at any time remaining unpaid, calculated semi-annually at the rate of ten & three quarters per centum per annum, is owing to STERLING TRUST CORPORATION maturing October 1, 1983 and that the capital sum of approximately three million, two hundred and seventy five thousand----- Dollars
 -----(\$3,275,000.00)-----
 together with interest thereon or on the balance thereof at any time remaining unpaid, calculated ~~semi~~ annually at the rate of twelve (12%) per centum per annum, is owing to KINGSBERG PROPERTY INVESTMENTS LIMITED, maturing February 12th, 1985, and the capital sum of approximately three million, six hundred and seventy five thousand----- Dollars
 -----(\$3,675,000.00)-----
 together with interest thereon or on the balance thereof at any time remaining unpaid, calculated semi-annually at the rate of fifteen (15%) per centum per annum, is owing to Kilderkin Investments Ltd. maturing February 12, 198

1 & third

such capital sums being the balances remaining unpaid under the terms of a first mortgage to Sterling Trust Corporation, a second mortgage to Kingsberg Property Investments Limited, and a fourth mortgage to Kilderkin Investments Ltd., all registered in the Land Registry Office of the Land Registry Division of Metropolitan Toronto.

The Mortgagee will advance or credit to the Mortgagor from time to time, after execution hereof an amount equal to the difference between the foregoing Sterling Trust Corporation, Kingsberg Property Investments Limited and Kilderkin Investments Ltd. mortgages and the principal amount on page one (1) hereof.

The mortgagor acknowledges that while payments on the foregoing mortgages will be made by the Mortgagees at the rates stated, the Mortgagee will be charging the Mortgagor interest at the rate of twelve (12%) per centum per annum, calculated semi-annually and payable monthly and not in advance on the principal amount of Ten million dollars (\$10,000,000.00) as set forth on page one (1)

Am

The Mortgagor acknowledges the mortgagee may make a profit arising from the difference between the amount paid by it on the Sterling Trust Corporation and Kingsberg Property Investments Ltd mortgage and the rate paid by the Mortgagor on the principal hereunder without the Mortgagee having advanced a full Ten Million dollars (\$10,000,000.00) but having assessed the obligation under the Sterling Trust Corporation, and Kingsberg Property Investments Limited mortgages and Kilderkin Investments Ltd. and advanced or credited the remainder.

The Mortgagor further acknowledges that if the first mortgage to Sterling Trust Corporation were not outstanding at ten and three quarters (10 3/4%) per centum per annum, and the second mortgage to Kingsberg Property Investments Limited were not outstanding at twelve (12%) per centum per annum, the mortgagor herein would not have granted the within mortgage at an interest rate of twelve (12%) per centum per annum

Am

PROVIDED always, that so long as the aforesaid first mortgage, second, third and fourth mortgages are unpaid and only so long as the Mortgagor is not in default in payments required under this mortgage, the Mortgagee herein shall make all payments of capital and interest to Sterling Trust Corporation, and Kingsberg Property Investments Limited and Kilderkin Investments Ltd and the same shall be due and payable out of the monthly payments due to the mortgagee herein under the terms of its loan to the Mortgagor herein and the Mortgagor herein directs and authorized the Mortgagee herein to make such payments for and on account of the said Mortgagor. It is acknowledged that the Mortgagee is not assuming any of the obligations of the Mortgagor under the first, second third and fourth mortgages except as aforesaid, after the interest adjustment date. The Mortgagee will do all things necessary and proper to advise the holders of the first, second, third and fourth mortgage that payments of mortgage instalments will be made by the Mortgagee, its successors and assigns, and that copies of all notices and correspondence concerning the first, second, third and fourth mortgages are to be directed to the Mortgagee. The Mortgagor also agrees promptly to send to the Mortgagee copies of any notices (including in particular notices of default) received by it from the holder of the first, second, third & fourth mortgages, and copies of any notices which the Mortgagor may receive from tenants of the mortgaged premises or any part or parts thereof resulting from the occurrence or alleged occurrence of a default or defaults in the performance by the Mortgagor of any of its obligations under any leases of parts of the premises.

The Mortgagor agrees to send to the Mortgagee copies of any notices which it may send to any tenant of the mortgaged premises or any part or parts thereof advising of any default by the tenant in performing any of its obligations under any lease of any part of the mortgaged premises. Default under the aforesaid mortgages in favour of Sterling Trust Corporation, Kingsberg Property Investments Limited and Kilderkin Investments Ltd. shall constitute default herein and the Mortgagor covenants to observe covenants in the aforesaid first, second, third and fourth mortgages

Provided the Mortgagor shall not exercise any privilege of prepayment contained in the first, second, third & fourth mortgages without the permission of the Mortgagee herein, otherwise such action shall constitute default herein.

Provided and so long as the Mortgagor is not in default in payments required under this mortgage that the Mortgagee herein will not exercise any privilege of prepayment contained in the first, second, third & fourth mortgages to pay off the whole or any portion of the principal sum outstanding on the said mortgages.

The Mortgagor agrees that it will not amend or permit the amendments of the first, second, third & fourth mortgages without the consent of the Mortgagee, which the Mortgagee agrees not to reasonably withhold.

PROVIDED and it is hereby understood and agreed, that the Mortgagee may, upon the maturity of this mortgage, and as one of the conditions of accepting repayment of the balance of the moneys then hereby secured, elect to require the Mortgagor to resume, in writing, the obligation of payment of the principal and interest under the first, second, third & fourth mortgages may then exist, the amount of principal and interest then secured by such mortgages to be credited on the mortgage account of this mortgage towards repayment of the balance of the money then secured by this mortgage; and the Mortgagee shall upon making such election, be relieved from any further responsibility whatsoever pertaining to such prior mortgages and, the mortgagor hereby covenants that upon the Mortgagee making such election, the Mortgagor, its successors and assigns, will resume, by written agreement with the Mortgagee, the said obligations.

The Mortgagor acknowledges that it may be required to execute a new first, second, third and fourth mortgage upon maturity at the then appropriate current rates or extend such mortgages during the term of this mortgage and the Mortgagee herein agrees to postpone to the first, second, third and fourth mortgage principal outstanding on their maturity, provided the terms hereof shall be applicable to the new or extended first, second, third & fourth mortgage mutatis mutandis.

PROVIDED in the event the Mortgagee fails;

- (i) to complete the renovations to the lands and premises (Building) in accordance with Plans approved by the Mortgagor and Mortgagee, and
- (ii) to achieve leasing up to 75% of the rentable space in the Building; and defaults under the lease from the Mortgagor to the Mortgagee of even date hereof; the Mortgagor may set off against the outstanding principal owing the Mortgagee in excess of prior encumbrances the sum of \$4,800,000.00.

ally in any other proceedings taken in connection with or to realize this security (including legal fees and real estate commissions and other costs incurred in leasing or selling the said lands or in exercising the power of entering, lease and sale herein contained) shall be with interest at the rate aforesaid, a charge upon the said lands in favour of the Mortgagee, and that the Mortgagee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the said lands, which payments with interest at the rate aforesaid shall likewise be a charge upon the said lands in favour of the Mortgagee. PROVIDED, and it is hereby further agreed, that all amounts paid by the Mortgagee as aforesaid shall be added to the debt hereby secured and shall be payable forthwith with interest at the rate aforesaid, and in default this Mortgage shall immediately become due and payable at the option of the Mortgagee, and all powers in this Mortgage conferred shall become exercisable. PROVIDED that until default of payment the Mortgagor shall have quiet possession of the said lands.

PROVIDED and it is hereby agreed, that the taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Mortgagee's right to interest at the rate and times herein provided; and further that said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

THE Mortgagor covenants with the Mortgagee that the Mortgagor will reimburse the Mortgagee for legal fees, real estate commissions and other costs incurred by the Mortgagee in exercising the powers of sale herein contained. AND the Mortgagor covenants and agrees with the Mortgagee that forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Mortgagor, (b) the qualification of the said lands as a matrimonial home within the meaning of Part III of The Family Law Reform Act, 1978, as amended, and (c) the ownership of the equity of redemption in the said lands, the Mortgagor will advise the Mortgagee accordingly and furnish the Mortgagee with full particulars thereof, the intention being that the Mortgagee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the said lands by virtue of Section 40 of the said Act. In furtherance of such intention, the Mortgagor covenants and agrees to furnish the Mortgagee with such evidence in connection with any of (a), (b) and (c) above as the Mortgagee may from time to time request.

PROVIDED and it is hereby agreed that in construing these presents the words "Mortgagor" and "Mortgagee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Mortgagor" or "Mortgagors", "Mortgagee" or "Mortgagees", and "he", "she", "they" or "it", "his", "her", "their", or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Mortgagee or Mortgagors, Mortgagee or Mortgagees, shall be equally secured to and exercisable by him, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. And that all covenances, liabilities and obligations entered into or imposed hereunder upon the Mortgagor or Mortgagors, Mortgagee or Mortgagees, shall be equally binding upon him, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

The undersigned Mortgagor acknowledges having received a true copy of this Mortgage.

In Witness Whereof the said parties hereto have hereunto set their hands and seals.

SIGNED, SEALED AND DELIVERED

In the presence of

SEAWAY TRUST COMPANY IN TRUST

PER: André F. Hudon, President

AFFIDAVIT OF SUBSCRIBING WITNESS

I,

of the

in the

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed

at

by

"See footnote"

"See footnote"

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the

in the

this day of

19

A GROW SCHEDULE FOR TAKING AFFIDAVITS, ETC.

"Where a party is unable to read the instrument or where a party signs by marking his mark or in foreign characters add 'After the instrument had been read to him and he appeared fully to understand it', Where executed under a power of attorney add 'I am duly authorized by the power of attorney to execute this instrument on behalf of the party whose name appears hereon'."

The Registry Act

IN THE MATTER of the PLANNING ACT (as amended)

AND IN THE MATTER of the TITLE TO Town Lot 1, North side of Adelaide Street, Toronto.

Deed, Mortgage,
Agreement of
Sale, Lease, etc.

AND IN THE MATTER OF A mortgage
THEREOF, FROM SEAWAY TRUST COMPANY, IN TRUST
TO KILDERKIN INVESTMENTS LTD.
DATED FEBRUARY 10, 1982.

I, DAVID A. ALLPORT
of the CITY of MISSISSAUGA in the REGIONAL MUNICIPALITY OF PEEL

MAKE OATH AND SAY AS FOLLOWS:

1. I am THE SOLICITOR FOR THE MORTGAGOR
named in the above mentioned Instrument, and have knowledge of the matters hereinafter
sworn.

2. The said Instrument, and the conveyance or other dealing with land affected thereby, do
not contravene the provisions of The Planning Act, as amended, because

Delete
if not
applicable

(a) *The present registered owner does not retain the fee or the equity of redemption in, or a
power or right to grant, assign or exercise a power of appointment with respect to any land
abutting the land affected by the MORTGAGE.*

State
other
reasons
if any

SWORN before me

at the CITY OF MISSISSAUGA,
in the REGIONAL MUNICIPALITY OF
PEEL
this

day of FEBRUARY

19 82.


DAVID A. ALLPORT

AFFIDAVIT AS TO AGE AND SPOUSAL STATUS*

I/WE

of the

in the

SWORN
before me

make oath and say:

When

executed the attached instrument,

I/WE

at least eighteen years old.

Within the meaning of section 1(f) of The Family Law Reform Act, 1978:—

* not
applicable
see

a) I was a spouse.

b) We were spouses of one another.

c) was my spouse.

* a
testimonial
use, etc.
* footnote.

best of
etc.

(SEVERALLY) SWORN before me at the

this day of 19

A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

*Where affidavit made by attorney substitute: "When I executed the attached instrument as attorney for (name), he/she was (spousal status and, if applicable, name of spouse) within the meaning of Section 1(f) of The Family Law Reform Act, 1978, and when he/she executed the power of attorney, he/she had attained the age of majority".

**Where spouse does not join in or consent, see Section 15(1) of The Family Law Reform Act, 1978 (or complete separate affidavits).

SEAWAY TRUST COMPANY, in trust

TO

KILDERKIN INVESTMENTS LTD.

Address: 165 Dundas Street West,
Mississauga, Ontario.

Mortgage

part of Town Lot 1, on the
north side of Adelaide Street,
Toronto.

BY & BURNHAM CO. LIMITED

BROADHURST & BALL
Solicitors & Notaries

SUITE 1204
MERRIDALE EXECUTIVE CENTRE
TWO ROBERT BRUCE AVENUE
MISSISSAUGA, ONTARIO
L4E 1R6

REGISTRATION FEE

Example of Land Transfer
Tax Affidavit in 89 Pine St.
MURB transaction

Can Instructions
Front Side

Form 1 - Land Transfer Tax Act

AFFIDAVIT OF RESIDENCE AND OF VALUE OF THE CONSIDERATION

IN THE MATTER OF THE CONVEYANCE OF (insert brief description of land) Parcel unit 5 level 3
ALGOMA CONDOMINIUM PLAN NO. 1

BY (insert names of all transferees in full) The Harbour View (Sault Ste. Marie) Ltd. JA.TVJ

TO (see instruction 1 and print name(s) of all transferees in full) 514303 ONTARIO LIMITED

I, (see instruction 2 and print name(s) in full) DAVID A. ALLPORT

MAKE OATH AND SAY THAT:

1. I am (place a clear mark within the square opposite that one of the following paragraphs that describes the capacity of the deponent(s)). (see instruction 3)

☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;
☐ (c) A transferee named in the above-described conveyance;
☒ (d) The authorized-agent or solicitor acting in this transaction for (insert name(s) of principal(s)) 514303 ONTARIO LIMITED

(insert name(s) of principal(s) described in paragraph(s) (a), (b), (c) above, make reference to inapplicable paragraph(s))

☐ (e) The President, Vice-President, Manager, Secretary, Director or Treasurer authorized to act for (insert name(s) of corporation(s))

(insert name(s) of principal(s) described in paragraph(s) (a), (b), (c) above, make reference to inapplicable paragraph(s))

☐ (f) A transferee described in paragraph () (insert only one of paragraph (a), (b) or (c) above, as applicable, and am making this affidavit on my own behalf and on behalf of (insert name of principal(s)) (insert only one of paragraph (a), (b) or (c) above, as applicable) and as such, I have personal knowledge of the facts herein deposed to.

2. I have read and considered the definitions of "non-resident corporation" and "non-resident person" set out respectively in clauses 1 (1)(c) and (g) of the Act. (see instruction 3).

3. The following persons to whom or in trust for whom the land conveyed in the above-described conveyance is being conveyed are non-resident persons within the meaning of the Act. (see instruction 4)

None

4. THE TOTAL CONSIDERATION FOR THIS TRANSACTION IS ALLOCATED AS FOLLOWS:

(a) Monies paid or to be paid in cash	\$	NIL
(b) Mortgages (i) Assumed (show principal and interest to be credited against purchase price)	\$	NIL
(ii) Given back to vendor	\$	80,000.00
(c) Property transferred in exchange (show details)	\$	NIL
(d) Securities transferred to the value of (show details)	\$	NIL
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	\$	NIL
(f) Other valuable consideration subject to land transfer tax (show details)	\$	NIL
(g) VALUE OF LAND, BUILDING, FIXTURES AND GOODWILL SUBJECT TO LAND TRANSFER TAX (TOTAL OF (a) to (f))	\$	78,700.00
(h) VALUE OF ALL CHATTELS - items of tangible personal property (insert name(s) of principal(s) for the value of all chattels unless stated under the provisions of the "Retail Sales Tax Act", R.S.O. 1980, c. 64, as amended)	\$	1,500.00
(i) Other consideration for transaction not included in (g) or (h) above (see 7 (iv) (v))	\$	39,100.00
g) TOTAL CONSIDERATION	\$	119,300.00

5. If consideration is nominal, describe relationship between transferor and transferee and state purpose of conveyance. (see instruction 3)

6. If the consideration is nominal, is the land subject to any encumbrance?

7. Other remarks and explanations, if necessary

(i). PREPAID INSURANCE	\$24,000.00
(iii). MORTGAGE ARRANGEMENT FEE	4,000.00
(iii). LEGAL FEES	350.00
(iv). RENTAL GUARANTEE FEE	3,000.00
(v). CASH FLOW DEFICIENCY PAYMENT	36,100.00

SWORN before me at the CITY OF MISSISSAUGA
in the REGIONAL MUNICIPALITY OF PEEL
this 22 day of JUNE 19 82

A Commissioner for taking Affidavits, etc. DAVID A. ALLPORT

PROPERTY INFORMATION RECORD

A. Describe nature of instrument: TRANSFER

B. (a) Address of property being conveyed (if residential): 89 PINE STREET, SAULT STE. MARIE, ONTARIO

(b) Assessment Roll No. if residential: N/A

C. Mailing address(es) for future Notices of Assessment under the Assessment Act for property being conveyed (see instruction 8):
c/o KILDERKING INVESTMENTS LTD.
165 Dundas Street West, 5th Floor, Mississauga, Ontario
LSB 2NE

D. (a) Registration number for last conveyance of property being conveyed (if available): N/A

(b) Legal description of property conveyed: Same as (D) (a) above. Yes ☐ No ☐ Not Known ☒

E. Name(s) and address(es) of each transferee's solicitor:
BROADBENT & BALL
Barristers & Solicitors
Suite 1150
Two Robert Speck Parkway
Mississauga, Ontario
L4Z 1H8

For Land Registry Office use only

REGISTRATION NO.	
Land Registry Office No.	
Registration Date	

Example of Kilderkin MURB
documentation: MURB
brochure

- MURBS -
by
Kilderkin
Investments Ltd.

Multiple Unit Residential Buildings

85 Yonge Street South, Elmvale, Ontario, L0L 1P0 (705) 322-1991

- M U R B S -

EQUITY GROWTH THROUGH
TAX DEFERRAL

AN INVESTMENT SUMMARY BY
KILDERKIN INVESTMENT LTD.
BOX 338, ELMVALE, ONTARIO
(705) 322-1991

INVESTMENT DIVISION

Introduction

In this time of increasing inflation and escalating taxes, people are becoming increasingly concerned with their ability to become financially independent on their disposable income and savings alone. In this climate, the chance of accumulating greater net worth may be improved if one takes advantage of tax deferral (shelter) opportunities permitted by the Federal legislation.

"What is a MURB"

MURB stands for Multiple Unit Residential Building, a category of residential construction or concept which, for taxation purposes, has been created to encourage investment by the private sector in multiple unit residential development and stimulate the construction industry to alleviate a shortage of rental accommodation. In order to qualify as a MURB, a project must have received a certificate from Central Mortgage and Housing (C.M.H.C.) now Canada Mortgage and Housing Corporation stating that its footings were constructed on or after November 18, 1974, and prior to 1980 and after October 28, 1980, and before 1982. The building must have at least two rental units and not less than 80% of the building to provide rental accommodation, parking, etc. The building may be a highrise, townhomes or condominium rental units to a third part.

Background

Prior to 1972, persons in high income tax brackets could invest in residential real estate to shelter their ordinary income by setting off losses creating a deferral and permitting retention of income, creating a source of funds for paying the cost of property purchased or to build-up other investments. Subsequent to 1971 tax reform an individual could only employ depreciation as a deduction against income from the property and not claimed as deduction from other income. Amendments to the Income Tax Act, (Canada) (the "Act") implemented in 1974 created the MURB granting tax incentives to invest in qualified property. Accordingly, legislation then permitted the investor holding his interest in a MURB capital property to deduct from his personal income; operating losses; certain first time costs and capital cost allowance at the prescribed rate on the defined capital cost of the building appliances and parking area. These deductions should result in losses to be applied against income and reducing income tax payable; a benefit not otherwise available to an individual as owner of income real estate.

Objectives

The principle factor underlying the investment in a Multiple Unit Residential income property is to defer taxable income, however, as an investment the objective is also to earn cash income and realize capital appreciation. The investment provides income from tax savings

rental and equity build-up through mortgage principal reduction and potential income through appreciation as a hedge against inflation. At the outset, tax savings provide the principal source of income, however, over time as the tax savings decrease, the income from rentals and equity build-up become more significant. Thus, in considering a MURB it is, despite expected income tax benefits, important for an investor to assess all aspects of a project, in which the unit is contained, as a real estate investment so that as tax shelter decreases, the unit will have the ability to produce rental income and appreciate.

The potential for capital appreciation may not be realized except over a lengthy period of time and should only be considered by those able to make a commitment to a long term investment.

The Project

281-285 Bluevale Avenue, Waterloo, Ontario

The project consists of 37 rental 3-level Townhouses. Each unit contains refrigerator, stove, wall-to-wall broadloom, cushion flooring in the bathroom and kitchen areas, one and a half bathrooms, and attached garage.

Condominium Registration of the project is virtually finalized and will be completed by December 1st, 1981.

PRINCIPAL TERMS OF SALE AND PAYMENT

Total Price per unit	\$ 74,180.00
Cash Flow Guarantee to year end	\$ 2,880.00

FINANCING

	<u>Cash Flow Guarantee</u>	<u>First Mortgage</u>
Amount	\$ 23,300	\$ 48,000
Interest Rate	NIL	15%
Amortization		23
Due DATE		June/86

Cash Flow Guarantee

The investor/lessor is responsible for the cash flow guarantee payable over a period of 8 years (See projections attached). The cash flow guarantee is payable as follows.

Year 1	\$ 4,300
Year 2	\$ 4,000
Year 3	\$ 3,650
Year 4	\$ 3,300
Year 5	\$ 2,900
Year 6	\$ 2,250
Year 7	\$ 1,700
Year 8	\$ 1,200

Kilderkin Investments Limited guarantee to carry the project to a break even position should the project not be on a break even basis at expiry of the management agreement.

Lease Back Agreement

Kilderkin Investments Ltd. will lease back all the units in the project for an eight year term ending December 30th, 1989. This will be a net lease providing in consideration of its receipt of the rents generated, the lessee will pay the principal and interest on the first mortgage; all repairs, maintenance and other expenses that may be incurred with the investor/lessor responsible for the cash flow guarantee payments only.

As security in support of the cash flow guarantee Kilderkin Investments Ltd. will take a note back from the investors secured by a collateral Mortgage over the property in the amount of \$23,300.00. In the event of default by the Lessee in making any required payments, the investor may offset such amount from the cash flow guarantee payments until such time as the defaulted amount is reimbursed. If the outstanding amount in default is not reimbursed within thirty days, then the deduction aforesaid shall be considered settlement of that portion of the lease obligation.

Present Rental Market and Projections

Presently the rents which exclude all utilities average \$355 monthly. Assuming a rent increase of only 10% per annum, the rents in 1990 will be \$836.00 monthly.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the investment property and therefore it is able to compete freely in the marketplace.

Tax Aspects

Ownership of a unit permits the investor to deduct certain first time costs, claim capital cost allowance, deduct any losses incurred as a result from other income and to receive any cash income from the project after the lease back period. The immediate benefits generally favour investors who have and maintain a marginal income tax rate of 50% or more (see analysis and the shelter). The deferral would permit triggering of the tax to a time when perhaps income is lower and taxes payable at a lower rate.

Analysis of Investment Gains - Hypothesis

At the expiry of your lease back term
your actual cost of investment will
have been NIL

Your Unit will have been paid down from	\$ 74,180.00
to the balance of the mortgage approx.	<u>45,120.00</u>
Equity build-up	\$ 29,060.00

Assuming an appreciation rate of 1% per annum, the units will have increased in value to approximately	\$ 80,322.00
Less purchase price	<u>74,180.00</u>

Appreciation Gain	\$ 6,142.00
Total Equity and Appreciation Gain	<u>\$ 35,202.00</u>

Aspects of the Investment

A prospective investor should not consider this summary as legal or tax advice. However, a letter of opinion from the Accounting firm of Thorne Riddell is attached. The comments contained herein are not intended as a substitute for careful tax planning particularly since certain

of the income tax consequences of an investment in this project will not be the same for all. Accordingly, prospective investors should consult their advisors with specific reference to legal and tax matters relating to this investment and to their own tax situation.

Conditions

This offer is made subject to prior consummation change in price or terms or withdrawal from the market without notice.

The commentary is based on a current status of the Canadian Tax Legislation and is intended only for the prospective investor who is a resident of Canada and is purchasing for the purposes of earning income from property. There is no assurance that the income tax laws will not be changed in a manner which will fundamentally alter the tax consequences to the investor in relation to holding or disposing of a unit.

Example of Kilderkin MURB
documentation: Property
Management brochure

Property Management
by
Kilderkin
Investments Ltd.

85 Yonge Street South, Elmvale, Ontario, L0L 1P0 (705) 322-1991

TABLE OF CONTENTS

Kilderkin Investments Ltd. - The Company

The Principal

Properties Presently Managed

Management and Financial Services

KILDERKIN INVESTMENTS LTD. - THE COMPANY

Kilderkin Investments Ltd. was incorporated in April, 1981 and formally operated under the name of W. C. Player Real Estate Limited for a period of 12 years.

The company has extensive experience in both residential and commercial management. In its 12 year history the company has assembled a highly experienced and competent property management team which enables us to provide the maximum benefits to the property owner.

Detailed accounting and financial statements are provided based on investors' individual requirements.

Marketing strategies and cost control systems provide the property owner with optimum income and at the same time maintain the project to a standard which both enhances and increases the overall property values.

Kilderkin Investments Ltd. also offers and provides lease back arrangements on certain projects whereby the company will covenant to meet all expenses of the project including minor and major maintenance.

THE PRINCIPAL

NAME	-	William C. Player
AGE	-	34
MARITAL STATUS	-	Married

Business Experience

1971 - 1981	W. C. Player Real Estate Limited, President
1981	Kilderkin Investments Ltd. President

Areas of Experience

In the operation of the company, Mr. Player was responsible for the total property management and all aspects of the business. He has been extensively involved in real estate investments and property management and during the past 12 years has gained valuable experience in the following areas;

- 1) Economic Analysis - the analysis of highest and best use for site development, and the determination of type, size and quality of building(s) to be constructed thereon.
- 2) a) Financing - the development of cash flow and cost of construction analysis for mortgage fund acquisition.

Areas of Experience (cont'd)

- 2) b) Acted as a mortgage broker placing long term mortgage financing for third party clientele.
- 3) Design - Input to architects designs for office or suite configurations required to adhere to economic analysis.
- 4) Construction - The negotiation and finalization of construction contracts and follow through to completion of construction.
- 5) Investment Syndication in residential and commercial properties with specialization in tax shelters (ie. M.U.R.B. packages).
- 6) Leasing - the determination of total marketing strategy in the lease up of apartment and commercial properties.
- 7) The implementation of invoicing and accounting systems for commercial tenants.

References:

- Mr. Chris Kingham - Assistant Manager, Bank of Montreal-King and Yonge, Toronto, Ontario.
- Mr. Andrew Markle - Chairman, Seaway Trust Company,
2255 Shephard Avenue,
Willowdale, Ontario.
- Mr. Leonard Rosenberg - President, Greymac Mortgage Corporation,
390 Bay Street, Toronto, Ontario.
- Mr. David Wiggins - Manager, Thorne Riddell Chartered Accountants
201 City Centre Drive,
Mississauga, Ontario.

Buildings and Projects Presently Managed

Residential

- | | |
|----------------------------|---|
| 135 Marlee Avenue, Toronto | - 23 storey, 162 unit high
rise apartment
- 200 stall parkade
- Indoor Swimming Pool, Saunas,
Games Room, Roof Garden |
| Barrie, Ontario | - 100 Condominium Townhouses |
| Rexdale, Ontario | - 60 Residential Townhouses
- 30 Commercial Units
Saunas, Games Room |
| McCowan Avenue, Toronto | - 153 Unit high rise apartment
- 180 stall parkade
- Indoor Swimming Pool, Saunas,
Games Room |
| Waterloo, Ontario | - 120 Residential Townhouses
- 60 Unit high rise apartment |

Commercial

- | | |
|--------------------|---|
| Brantford, Ontario | - Park Place Medical Centre
30,000 sq. ft. office space |
| Midland, Ontario | - 20,000 sq. ft. office space |
| Lindsay, Ontario | - 10 building 300 unit student
residence
Sir Sanford Flemming |

Recreational

- | | |
|-----------------------|--|
| Wasaga Beach, Ontario | - Inn on the Bay
35 unit Resort Accommodation |
| Bigwin Island | - 60 Unit Condominium Resort
Complex |

In addition, management services are provided in more than 60 low rise, townhouse and commercial properties totalling in excess of 1500 units.

MANAGEMENT SERVICES
PROVIDED BY
KILDERKIN INVESTMENTS LTD.

PROPERTY MANAGEMENT SERVICES

1. To Marketing the availability of townhouses or suites for rent, if vacancies exist.
2. To employ the necessary on-site staff, on behalf of the owner, to maintain the rental units and to show and lease same.
3. To train, supervise, and direct such employees.
4. To collect rent from all tenants.
5. To institute legal proceedings or other collection procedures to collect rental arrears.
6. To inspect and charge tenants for any damage they have caused to the premises.
7. To conduct market surveys on rental rates and leasing policies and implement changes where necessary.
8. To negotiate contracts for required maintenance items.
9. To pay invoices for goods or services in respect to the managed property.
10. To insure rental units are maintained in a clean and rentable condition and to carry out any work required to achieve this standard.

FINANCIAL SERVICES

1. To record all receipts on a monthly basis and list rental arrears.

FINANCIAL SERVICES (cont'd)

2. To record all disbursements on a monthly basis by expense category.
3. To issue a cheque monthly to the owner of the property for the excess of receipts over disbursements.
4. To issue a statement of receipts and disbursements monthly to the owner.
5. To calculate and produce a payroll for any employees of the owners property.
6. To file all required information or charges with the relevant government bodies such as income tax deductions, Workers Compensation Board, etc.

CONDOMINIUM MANAGEMENT SERVICES

PROVIDED BY

KILDERKIN INVESTMENTS LTD.

FINANCIAL SERVICES

1. To receive and account for monthly Condominium fees for the Corporation.
2. To make all disbursements for and on behalf of the Board for service contracts and for any emergency repairs to the common property necessary to protect the Unit Owners and to maintain services.
3. To render to the Board monthly statements of receipts and disbursements with a list of those Owners who are in arrears.
4. To prepare for the Board an operating budget and fee schedule for the coming year. Upon approval of the budget by the Board, Kilderkin Investments Ltd. notifies each Owner of their Condominium fees for the coming year.
5. To prepare an annual comparison statement of receipts and disbursements of the preceding fiscal year with that budgeted for the current year.
6. To arrange for a continued, updated and completed insurance program.
7. To assist the Board with claims on their insurance.

FINANCIAL SERVICES (cont'd)

8. To send notices to those Owners who are in arrears and to advise the Board of Managers on legal action required to collect those amounts and to implement the decision of the Board of Managers.

PROPERTY MANAGEMENT SERVICES

1. To advise the Board on landscape maintenance.
2. To advise the Board on a snow removal program.
3. To advise the Board on normal maintenance of streets, parking lots and walks.
4. To advise the Board and negotiate contracts on all painting, plumbing, and electrical work which may be required to the common area property.
5. To advise on all major contractual work that is required.
6. Hire, supervise, and direct the employees and subtrades necessary to maintain the common property.
7. To conduct regular property inspections for the purpose of maintaining a high standard of maintenance, fire prevention and Owner good will.
8. To provide advice on the By-Laws and deal with offenders of the By-Laws upon instructions from the Board.

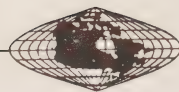
NOTE: Some of the above services may vary in accordance with the Specific Management Agreement and its terms desired by your Board of Managers.

Example of Kilderkin MURB
documentation: Thorne Riddell
Projection Review Comments

KILDERKIN INVESTMENTS LTD.

37 UNIT PROJECT

281 to 285 BLUEVALE AVENUE, WATERLOO



PROJECTION REVIEW COMMENTS

To the Directors of
Kilderkin Investments Ltd.

We have prepared the accompanying projected cash flow analysis by unit and the projected equity requirement by unit for the 37 Unit Project - 281 to 285 Bluevale Avenue, Waterloo for the five months ending December 31, 1981 and for each of the eight years ending December 31, 1982 to 1989. Our review of the information on which the projections were prepared consisted primarily of inquiry and comparison.

We do not express an opinion as to whether the actual results for the projected periods will approximate those projected because the projections are based on assumptions made by management regarding future events which, by their nature, are not conducive to independent substantiation.

In our opinion, however, these projected statements properly reflect the assumptions used in their preparation.

Thorne Riddell

Mississauga, Ontario
September 24, 1981

Chartered Accountants

KILDERKIN INVESTMENTS LTD.

37 UNIT PROJECT - 281 to 285 BLUEVALE AVENUE, WATERLOO

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31								
		1981	1982	1983	1984	1985	1986	1987	1988	1989
REVENUE										
Gross rental income	\$1,597	\$4,260	\$4,686	\$5,155	\$5,671	\$6,238	\$6,862	\$7,548	\$8,303	
Less vacancy at 3%	48	128	141	155	171	188	207	228	251	
Net rental income	1,549	4,132	4,545	5,000	5,500	6,050	6,655	7,320	8,052	
EXPENSES										
Insurance	24	65	72	79	87	96	106	117	129	
Maintenance and superintendent	64	170	187	206	227	250	275	303	333	
Management	80	213	234	257	283	311	342	376	414	
Snow and yard	19	50	55	61	67	74	81	89	98	
Taxes	244	650	715	787	866	953	1,048	1,153	1,268	
Utilities	20	53	58	64	70	77	85	94	103	
	451	1,201	1,321	1,454	1,600	1,761	1,937	2,132	2,345	
Net income before interest	1,098	2,931	3,224	3,546	3,900	4,289	4,718	5,188	5,707	
Mortgage interest	2,997	7,167	7,121	7,071	7,011	6,942	6,861	6,768	6,660	
TAXABLE LOSS	\$1,899	\$4,236	\$3,897	\$3,525	\$3,111	\$2,653	\$2,143	\$1,580	\$ 953	

KILDERKIN INVESTMENTS LTD.

37 UNIT PROJECT - 281 to 285 BLUEVALE AVENUE, WATERLOO

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31							
		1982	1983	1984	1985	1986	1987	1988	1989
TAX SHELTER									
Mortgage arrangement fee	\$2,400	\$2,400	\$2,400	\$2,400	\$1,400				
Prepaid interest	1,000	1,424	1,242	1,165	1,095	\$1,030	\$ 971	\$ 916	
Capital cost allowance	1,530	4,236	3,897	3,111	2,653	2,143	1,580	953	
Taxable loss from operations	1,899								
TOTAL AMOUNT SHELTERED	\$6,829	\$8,060	\$7,625	\$6,676	\$5,148	\$3,173	\$2,551	\$1,869	
TAX BRACKET - 56.9% (1981); 57.7% (1982 through 1989)									
Tax savings	\$3,886	\$4,651	\$4,135	\$3,852	\$2,970	\$1,831	\$1,472	\$1,078	
Investor's cash flow	2,880	4,300	3,650	3,300	2,900	2,250	1,700	1,200	
Net cash increase (decrease)	\$1,006	\$ 351	\$ 400	\$ 552	\$ 70	\$ (419)	\$ (228)	\$ (122)	
CUMULATIVE CASH POSITION	\$1,006	\$1,357	\$1,757	\$2,242	\$2,864	\$2,445	\$2,217	\$2,095	
TAX BRACKET - 62.8% (1981); 63.6% (1982 through 1989)									
Tax savings	\$4,289	\$5,126	\$4,850	\$4,558	\$3,274	\$2,018	\$1,622	\$1,189	
Investor's cash flow	2,880	4,300	4,000	3,650	2,900	2,250	1,700	1,200	
Net cash increase (decrease)	\$1,409	\$ 826	\$ 850	\$ 908	\$ 946	\$ (232)	\$ (78)	\$ (11)	
CUMULATIVE CASH POSITION	\$1,409	\$2,235	\$3,085	\$3,993	\$4,939	\$5,081	\$5,003	\$4,992	

KILDERKIN INVESTMENTS LTD.

37 UNIT PROJECT - 281 to 285 BLUEVALE AVENUE, WATERLOO

ASSUMPTIONS

(Unaudited - see Projection Review Comments)

- (1) Average unit rental per month is \$320 for the period ending December 31, 1981.
- (2) Rents increase by 10% each year from 1982 to 1989.
- (3) Tenants pay their own utilities.
- (4) Management fees are 5% of gross rental revenues.
- (5) Expenses increase by 10% per annum.
- (6) The investment requires the following financial commitment:

\$48,000	15% first mortgage
\$ 2,880	down payment
\$23,300	cash flow guarantee payable in varying amounts between 1982 and 1989 secured by a collateral mortgage
- (7) A payment of \$12,000 over five years is required to prepay the interest on the first mortgage.

P. Jupp appraisal of
10 Overlea Drive,
Kitchener

Philip R. Jupp Limited

113 SANDRINGHAM DR.,
DOWNSVIEW, ONTARIO,
M3H 1E2.

REALTORS & APPRAISERS

(416) 635-9466

Kilderkin Investments Ltd.,
Suite 500,
165 Dundas St. W.,
Mississauga, Ontario.

Oct. 11, 1982

Attention: Mr. Tim Howard:

Re: Appraisal of Investment Proposal
10 Overlea Dr., Kitchener, Ontario.

Dear Sir:

Further to your recent instructions, please be advised that we have inspected the above captioned property and investigated the relevant data and market conditions affecting the value of the investment proposal.

Based on our initial findings and the lease back of the property, for a period of 10 years, as contained in the investment proposal, our preliminary opinion of the value of the investment proposal is in the order of \$5,200,000.00.

We are containing our investigations and analysis and a full written report will be forthcoming.

Sincerely yours,
PHILIP R. JUPP LIMITED,


Philip R. Jupp, F.R.I., C.R.A., M.T.C.I.
President.

PRJ/cj

APPRAISAL
OF AN
INVESTMENT PROPOSAL

FOR THE PROPERTY
KNOWN AS:
10 OVERLEA DRIVE,
KITCHENER, ONTARIO.

Prepared by:
Philip R. Jupp Limited,
113 Sandringham Dr.,
Downsview, Ontario,
M3H 1E2.

Philip R. Jupp Limited

113 SANDRINGHAM DR.,
DOWNSVIEW, ONTARIO,
M3H 1E2.

REALTORS & APPRAISERS

(416) 635-9466

Kilderkin Investments Ltd.,
165 Dundas St. W.,
Suite 500,
Mississauga, Ontario.

October 22, 1982

Attention: Mr. Tim Howard:

Re: Appraisal of Investment Proposal for the property known as:
10 Overlea Drive, Kitchener, Ontario.

Dear Sir;

Further to your instructions of September 17, 1982, an inspection of the above captioned property was carried out, and an investigation and analysis of the relevant current market data was undertaken with a view to estimating the market value of an investment proposal concerning this property, for investment sale purposes, as of October 1, 1982.

In accordance with your instructions, the property has been appraised based on the investment proposal as outlined by you and as described further in this report.

Our report, containing 35 pages, including our value conclusions, is attached hereto. We have appraised the subject property in Fee Simple, subject to the above mentioned investment proposal, as of October 1, 1982, and in our considered opinion the property, together with the investment proposal, has a Market Value of:

FIVE MILLION TWO HUNDRED THOUSAND DOLLARS

(\$5,200,000.00)

...../2

We would like to take this opportunity to express our appreciation for the opportunity to be of service to you and in connection with this matter, we herewith enclose our statement of account, which we trust you will find in order.

Respectfully Submitted;
Philip R. Jupp Limited,



Philip R. Jupp, F.R.I., C.R.A., M.T.C.I.
President.

PRJ/cj

/encl.

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DEFINITION OF THE APPRAISAL PROBLEM

Purpose of the Appraisal:

The purpose of this appraisal is to estimate and submit an opinion as to the Market Value of an investment proposal concerning the subject property, as at the effective date. It is understood that the report will function as a guide to the client for investment sale purposes.

Effective Date:

The effective date of this appraisal is: October 1, 1982.

Property Rights Appraised:

The property rights appraised herein are those of the Fee Simple interest, subject to the provisions of an investment proposal as particularly described further in this report.

Definition of Value:

Due to the involvement of an investment proposal in this appraisal, value will be considered from an investment viewpoint. Therefore, value, for purposes of this report, is defined as: the amount of money which an investor would pay, having regard to the net income flow, the rate of interest return required on the investment and the rate of recapture of the investment. In other words, "the present worth of all future benefits of the property".

Investment Proposal:

In accordance with instructions received from the client, the appraisal of the subject property shall be subject to the following investment proposal:

Initial Investment:	\$1,222,500.
First Mortgage:	\$4,075,000.
Interest Rate:	10%
Amortization:	25 years
Term:	5 years
Lease of Property:	Kilderkin Investments Ltd., for a period of 10 years on a net absolute basis, including first mortgage payments, at a rental of 6% of the above mentioned initial investment in the first 5 years; and 8% of the above mentioned initial investment in the second 5 years.

LIMITING AND CONTINGENT CONDITIONS

No responsibility is assumed for matters which are legal in nature, nor is any opinion rendered as to the title, which is assumed to be good and marketable.

Any pictures or sketches contained in this report are included to assist the reader in visualizing the property. No survey has been made of the property and no responsibility is assumed in connections with such matters.

The information supplied to me by others is believed to be reliable, although, no responsibility is assumed for its accuracy.

The building mechanical equipment is assumed to be in good working order.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone other than the client, without the previous written consent of the appraiser or the client, and in any event, only with the proper qualifications.

Testimony or attendance in court shall not be required by reason of this report, with reference to the property in question, unless arrangements have been previously made therefor.

The appraisal fee charged in connection with this assignment is not contingent in any way upon the value derived, nor does it include any amount for future expert testimony at meetings, hearings, or court appearances; or for investigative work in this connection.

SUMMARY OF SALIENT FACTS AND INFORMATION

Address:	10 Overlea Drive, Kitchener, Ontario.
Legal Description:	Block "E", Plan 1182, City of Kitchener.
Property Type:	Rental Apartment Building
Effective Date:	October 1, 1982
Lot Size:	145.5 feet frontage; 2.82 acres.
Building Size:	163 suites
Assessment:	\$616,110.00
Realty Taxes:	\$106,764.16
Zoning:	R2-DC4
Highest and Best Use:	Continuation of Existing Use.
Final Estimate of Value:	\$5,200,000.00

CITY AND REGIONAL DATA

The subject property is located in the City of Kitchener. The City of Kitchener is located in the southern section of the Province of Ontario, approximately 60 miles west of Toronto, the provincial capital.

Founded in January 1854, the municipality was originally incorporated as the village of Berlin and possesses one of the longest histories of any Canadian centre west of Quebec. From its meager beginnings, progress and growth were the corner stones of its existence. On May 20th. 1870, the community became the Town of Berlin. On June 10th. 1912, the Town of Berlin was incorporated as a city, only to have its name changed to Kitchener on September 1st. 1916. Today, along with the City of Waterloo, which maintained a similar growth pattern, the area is referred to as the "Twin Cities" and is a vigorous forward-looking community whose industrial and commercial growth rate is one of the fastest in Canada. The Twin Cities of Kitchener and Waterloo are at the heart of the "Golden Triangle", the area from which much of Canada's industrial capacity grows. The area of the "Golden Triangle", includes the communities of Cambridge, Guelph, and Stratford; and approximately 400,000 people live within 20 minutes driving time of the Twin Cities.

The population of Kitchener has increased steadily since its inception. Recent years have been no exception, with the population increasing from 135,288 in 1978 to its current 1982 population of 139,912; an increase of 3.4%. The largest single age group of the population is 56 years old and over, being 16.2%; however, 53.85% of the population is under 30 years of age which ardours well for the future of the city. While the city population is made up of many ethnic origins, 51.1% of the population is British, with the next largest group, 26.6%, being German. The population growth experienced in the past is expected to continue.

The growth rate of the general region has matched that of the City of Kitchener and an estimated 5 million people reside within a 70 mile radius.

Economically, within 83 miles of Kitchener, by road, there exists 20% of the total Canadian market. The City of Kitchener itself has a good diversity of secondary industry with rubber products, shirt manufacturing, meat packers, automotive products and metal fabricating, comprising the major segments of the industrial activity. With its excellent proximity to markets and material suppliers, and with a fast, efficient network of roads, rail and air transportation, Kitchener has attracted and will continue to attract a strong manufacturing sector. Retail sales in 1980 for the area totalled more than 16 billion dollars; while the total personal disposal income, for the same period, is estimated at over 42 billion dollars. The average annual net taxable income per capita has been estimated at approximately \$12,000.00. The female labour force makes up approximately 36% of the total and approximately 37% of the labour force is unionized. While the economy of Canada, and indeed the world, currently leaves a lot to be desired, the City of Kitchener appears to be relatively stable with an unemployment rate of between 9% and 10%, slightly below the 12.9% experienced by the nation.

Transportation facilities in and around Kitchener are good with access to all forms of transportation. Kitchener possesses a good network of arterial roads and side streets for vehicular traffic, augmented by highways connecting with the major markets of Ontario and northern U.S.A. Kitchener is served by highways #7, #85, and #8 and highway #401, a major southern Ontario link between Windsor and Montreal. Rail service is provided by C.P.R., C.N.R., and Via Rail Canada Inc. with interswitching, poolcar and express service services along with private sidings for major and minor industries. Toronto International Airport, Canada's busiest airport, providing international passenger and cargo transportation, is located approximately 55 miles east of Kitchener via highway #401. Hamilton Airport is located approximately 45 miles from Kitchener; and the Waterloo-Wellington Airport is located 6 miles from downtown Kitchener. Sea transportation is available through the Hamilton Harbour seaport only 45 minutes away, or the port of Toronto, 75 minutes away. Both seaports are part of the St. Lawrence Seaway System.

The City of Kitchener is also serviced by several intercity bus lines and an efficient network of surface buses provides public transportation within the cities of Kitchener and Waterloo.

The City of Kitchener has a full range of municipal services, which include sanitary and storm sewers including sewage and waste disposals in modern sewage treatment plants, water from ground water wells, hydro electric power, natural gas, telephone and Cable T.V. Projective planning on the part of the City has ensured that these services are adequate and that they will continue to grow efficiently and well balanced in proportion to the forecasts of industrial, commercial and residential requirements.

The City of Kitchener and the surrounding area appear to be well governed by a two tier system comprising a local City Council and a Regional Government with representation from each of the cities within the region. Within the framework of the Council-Administrator governmental system, the city has its own Police and Fire Departments along with Roads, Public Works, Tax, Education and Health and Welfare to name just a few.

The tax structure of the City of Kitchener would appear to be equitable and the average residential realty taxes for 1982 amounted to \$960.01. This represents a 10.16% increase in the mill rates over 1981.

Communications, medical care, and education are adequately provided for within the City with; 1 newspaper, 5 radio stations, 2 local television stations plus reception of 10 channels provided by Cable T.V., 2 general hospitals, one home for mentally and physically incapacitated children, 1 crippled childrens centre, 8 highschools and collegiates, 1 business school, 1 community college, 55 elementary schools and 14 secondary schools. Post secondary school education is also provided by 2 universities located in Waterloo.

Pride in ones home has endured as a salient community characteristic, and the Twin Cities of Kitchener and Waterloo continue to have one of the highest rates in Canada for individual home ownership. With increases in population being prevalent, new housing is being built in every price range. There has also been a surge in the construction of apartment buildings and condominium complexes, many of which offer a full range of recreational amenities.

The residential real estate market in Kitchener and Waterloo would appear to be reasonably active and stable. According to a survey of market values throughout Ontario, prepared by Royal Trust Corporation, the Cities of Kitchener and Waterloo have enjoyed price increases in the single family and condominium segments of the market averaging approximately 5% over the past year; condominiums in Waterloo increasing from 17.4% to 30%. During the same period of time, most other urban centres in Ontario experienced a decline in values. According to the semi-annual rental apartment vacancy survey conducted in the Kitchener Census Metropolitan Area prepared by Canada Mortgage and Housing Corp., the vacancy rate for privately initiated apartment buildings of 6 or more units increased marginally from the low of 0.7% recorded in October 1981 to 0.9% in April 1982. The City of Kitchener individually experienced a vacancy rate of 1.0%, an increase of 0.4% during the past 6 months. Vacancy rates by bedroom count ranged from 0.4% for 3 or more bedroom units, to 2.2% for bachelor units. The more numerous one and two bedroom units were recorded at 1.3% and 0.7% respectively. Average rentals by bedroom count were also recorded in the C.M.H.C. survey with bachelor units having an average rent of \$198.00 per month an increase of 11.6% over the past 12 months, one bedroom units having an average rent of \$262.00 per month for an increase of 10.1%, two bedroom units having an average rent of \$305.00 per month an increase of 9.2%, and three bedroom units having an average rent of \$370.00 per month an increase of 10%. As a result of these surveys, it would appear that a healthy real estate market exists and that income streams produced by rental apartment buildings are secure and assured to continue.

Overall, a stable future of ever increasing business activity is assured for the city and its citizens, largely due to its enviable location - a 100 mile radius zone represents one third of the total Canadian market. Kitchener is embraced by the major industrial, commercial, and recreational centres of Ontario and the U.S.A. It has road, rail, air and sea routes connecting it to mass markets near and far. Kitchener enjoys the full benefit of the business, cultural and living facilities of a large city without the drawbacks of a smog-polluted, traffic choked metro centre. Kitchener is located far enough from a major metropolis to preserve its individuality, yet close enough to enjoy the amenities of life offered in the larger centre. With a 130 year history of economic stability and progress, Kitchener has become one of the country's proudest examples of efficient industrial, commercial and residential development.

More detailed statistics concerning population, income, economics, the real estate market and apartment rentals can be found in the addenda to this report.

NEIGHBOURHOOD DATA

The subject property is located in the south western sector of the City of Kitchener, near the boundary between Kitchener and Waterloo. The general neighbourhood is deemed to be bounded by Highland Road to the north; Conestoga Parkway to the east; Fischer Rd. to the south; and the City limits to the west. As can be seen by the street map sketch located in the addenda of this report, the subject property is situated in the western portion of this area.

The general neighbourhood has been developed over the past 15 to 25 years with predominantly residential useages consisting of one storey, two storey and split level single family dwellings constructed primarily of brick. The immediate vicinity of the subject property and west into Waterloo along Westmount Rd., however, has been developed with medium and highrise apartment complexes and townhouse complexes of a slightly younger vintage. Commercial development is evident along Highland Rd. and at some of the more major intersections throughout the neighbourhood. With the exception of the lands to the west along Westmount Rd. and to the south along Highland Rd., the subject neighbourhood is considered to be 80 to 90% built-up. To the greater degree, the properties in the subject area are well maintained and reflect the pride of ownership of their owners. The downtown core area of the City of Kitchener is located approximately 1 to 2 miles north of the subject neighbourhood.

Vehicular passage through the neighbourhood is considered good with a good network of residential side streets leading to arterial roads which connect the area with the downtown business district and the rest of the Kitchener-Waterloo area. Westmount Rd. to the west, while predominantly a residential thoroughfare, provides a connecting link between the subject neighbourhood and the City of Waterloo; while Queen St. provides a direct route to the downtown business district of the City of Kitchener. The Conestoga Parkway, which forms the eastern boundary of the subject neighbourhood, provides highspeed vehicular transportation to all areas of the Twin Cities and is a connection with Highway #401, via #8 Highway. Two accesses to the expressway are located within the subject neighbourhood, one at Fischer Rd., the southern boundary of the area, and one at Homer-Watson Blvd. The Kitchener public transportation system provides public transportation through the area with surface buses running primarily along the arterial roads. The closest bus stop to the subject property is located at Westmount Rd. and Queens Blvd., one block to the northeast.

General shopping for the area is provided in the downtown core featuring, Market Square, which contains a farmers market, an Eatons store, restaurant facilities, and many smaller shops, 38 in all; and the King Centre Mall which contains national stores of all sizes and descriptions, 48 in all. In addition, corner convenience stores are dotted throughout the neighbourhood, with the closest commercial development being along Highland Rd. at the corner of Westmount Rd., one block west of the subject property.

Public and secondary schools, religious institutions, recreational facilities and one of the two hospitals in the City of Kitchener are all located within the subject neighbourhood and within easy access of the subject property. As mentioned

earlier in this report, post secondary school education is provided by the University of Waterloo, Wilfrid Laurier University and Conestoga College of Applied Arts and Technology. These educational facilities are also accessible to the subject neighbourhood. Kitchener is a city full of parks and the subject neighbourhood is no exception, having five parks within its boundaries: Forest Hill Park, Lakeside Park, Meinzinger Park, Concordia Park and Queensmount Park being the closest to the subject property, one block to the east.

The subject neighbourhood is serviced with all the usual municipal services including: sanitary and storm sewers, water, hydro electric power, natural gas, telephone, and cable T.V. In addition, the city provides road maintenance, snow removal, garbage collection and police and fire protection.

Generally, the population of the area is middle class and stability appears to be good with most residents owning their own homes. Income brackets are considered to be above the average and from an economic view point, the area is seen as being stable. In turn, the residential real estate market appears to be stable as it does in the rest of the city.

In conclusion, the subject neighbourhood appears to be one of the more desirable and popular areas for the people of Kitchener to reside, with shopping, schools, transportation and recreational facilities close at hand and the downtown business district within close proximity. As a result, rental apartment vacancies should not exceed the rate experienced by the overall city and rental rates should be at least those of the average accomodation for the City of Kitchener as discussed earlier in this report.

SITE ANALYSIS

The subject site is located on the southwest corner of Overlea Dr. and Westmount Rd. in the south westerly section of the subject neighbourhood. The site is known municipally as: 10 Overlea Dr., Kitchener, Ontario; and is legally described as: "Block E", of registered Plan 1182 in the City of Kitchener.

According to the Assessment Rolls researched in the City Hall of the City of Kitchener, the site measures 145.5 feet frontage along Westmount Rd., by a flankage along Overlea Dr. of 516.17 feet. The subject site is irregular in shape and contains approximately 122,839.2 square feet or 2.82 acres.

Upon inspection, the site was found to be rolling land, as a result of manmade grassy berms. The site is at road grade at Westmount Rd., but slopes dramatically upward from north to south; however, no drainage problems were observed. The subject site abutts an automotive service station to the west and vacant residential land and residential development consisting mainly of semi detached single family dwellings, to the south. Across Overlea Dr., on the south east corner of Overlea Dr. and Westmount Rd., the lands are improved with a nine storey apartment building, sister to the improvement of the subject property. None of these properties significantly adversely affects the value of the subject property.

All the usual municipal services are available to the subject site including, sanitary and storm sewers, water mains, hydro lines, gas lines, telephone and cable T.V. In addition, the municipality provides mail delivery, street lighting, road maintenance, and police and fire protection.

Westmount Rd., running in front of the subject site is a 66 foot wide road allowance with an asphalt paved surface, concrete curbs and gutters on both sides and a concrete sidewalk has been installed on the south side of the street running in front of the subject site. Overlea Dr., running along the side of the subject site is also a 66 foot wide road allowance with an asphalt paved surface, and concrete curbs, gutters, and sidewalks on either side. As mentioned earlier in this report, Westmount Rd. is an arterial residential street which connects the subject area to the City of Waterloo and consequently, is a fairly heavily travelled street.

The subject site is neatly landscaped and well maintained, as will be discussed later in this report.

Assessment and Taxes:

For taxation purposes, the subject property is assessed by the Province of Ontario Assessment Office. A rate per thousand dollars of assessment, known as the "Mill Rate" is then applied to the assessed value of the property to determine the Annual Municipal Realty Taxes.

The subject property has not been reassessed for some time and as a result of the passage of time and the general increase in realty market values during this period of time, it is felt that the subject property could be reassessed at a higher amount at the next assessment. This higher reassessment may have the effect of significantly increasing the tax liability of the subject property.

In the meantime, annual municipal realty taxes are payable to the City of Kitchener and the current tax liability for the subject property is expressed as follows:

Assessment Roll Number:	040-033-151-00
1982 Overall Assessment:	\$616,110.00
1982 Overall Mill Rate:	173.2875 Mills
1982 Realty Taxes:	\$106,764.16

The subject property appears to be equitably assessed in relationship to other similar properties.

Zoning:

In accordance with the zoning by-law #6278 of the City of Kitchener, enacted August 6th. 1968, the subject site is zoned R2-DC4; denoting a semi restricted residential zone of the fourth density category.

Permitted uses under by-law #6278 are numerous and include the erection of residential apartment buildings provided that all the regulations connected with this by-law are adhered to. Retail commercial uses are also permitted in the form of a variety store, a barber shop, a hair dresser and a drug store to be situated on the street level of any residential apartment building constructed in the semi restricted residential zone. Relevant excerpts from the by-law can be found in the addenda to this report and the following is a summary of the major considerations contained in the zoning by-law.

Minimum Lot Area:	15,000 square feet
Minimum Lot Width:	100 feet
Height Requirement:	No restriction
Front Yard Setback:	35 feet
Side Yard Setback:	35 feet
Minimum Outdoor Area:	Bachelor 379 sq.ft.
	1-bedroom 585 sq.ft.
	2-bedrooms 875 sq.ft.
	3-bedrooms 1182 sq.ft.
	4-bedrooms 1460 sq.ft.

Off Street Parking:	1 1/6th. spaces per dwelling unit	
Landscaped Area:	25%	
Minimum Floor Area:	Bachelor	350 sq.ft.
	1-bedroom	600 sq.ft.
	2-bedrooms	700 sq.ft.
	3-bedrooms	
	& over	800 sq.ft.

Having studied the applicable zoning by-law, it would appear that the subject property is in full conformity to the regulations as set down by the zoning by-law. It should also be noted, that architectural plans were approved and building permits issued by the City of Kitchener in 1972, some four years after the enactment of the zoning by-law.

DESCRIPTION OF THE IMPROVEMENTS

The subject site is improved with an eleven storey residential rental apartment building which was constructed in 1973 and contains 163 apartment suites; being 94 1-bedroom suites and 69-2 bedroom suites.

The building is situated on poured concrete footings and a poured concrete slab foundation, and contains no basement. A rooftop penthouse houses most of utility equipment for the building with an electrical room being located on the main floor.

The exterior of the building is constructed of solid masonry, being brick facing over poured concrete backup walls. The roof is a built-up flat type composition tar and gravel roof; and the trim is predominantly painted, baked aluminium with painted metal flashings around the roof. The front and rear entrance doors are hinged glass surrounded by glass panels. The exterior of the building is aesthetically plain, but considered to be in excellent condition.

As mentioned above, the interior of the building consists of 94 1-bedroom apartments and 69 2-bedroom apartments for a total of 163 apartment suites. Transcending the building, each apartment is identical in design to the ones above and below it. The typical 1-bedroom or 2-bedroom apartment suite consists of: living-room with patio door walkout to a balcony, kitchen with dining area, one or two bedrooms, 1-4 piece bathroom, and an ensuite storage locker. The end apartment suites have no balconys; some 2 bedroom apartments have an extra 2 piece wash-room; and the main floor apartments walk out to patios instead of balconies. The superintendants apartment also contains a small office. The interior of each apartment is constructed of plaster walls, ceilings, broadloomed floors, except kitchens and bathrooms which are tiled, and painted wood trim. Each of the kitchens and bathrooms are modern with ceramic tile dado in each bathroom. Each apartment is equipped with a modern stove and refrigerator in the kitchen. The interior hallways are attractively appointed and constructed for low maintenance. With the exception of the main floor hallway and lobby, all interior hallways are constructed with exposed brick walls, stipled ceilings with hanging light fixtures, and broadloomed floors. The main floor hallway and lobby have ceramic tile floors and T-bar tiled ceilings. While the interior condition of the building varies slightly from apartment to apartment, the overall state of repair is considered to be excellent and includes all interior hallways.

The building is heated by a hot water gas fire system with twin 1,700,000 B.T.U. boilers and water is heated by twin 500,000 B.T.U., 69 gallon hot water tank and is softened by twin water softeners. The heating, hot water and water softening equipment is located in the roof top penthouse along with the elevator equipment. The building is equipped with 1200 ampere main electrical service which is subdivided into 3-400 ampere electrical systems; plumbing throughout the building is copper. The building is further equipped with a water pump for increased water pressure, fire alarm and fire sprinkler systems, two passenger elevators with a 1500 pound capacity each and the lobby is equipped with security lock front doors with an intercom system to each apartment. The building contains two laundry rooms

one on the main floor equipped with seven coin operated washers and seven coin operated dryers; and one on the eighth floor equipped with two coin operated washers and two coin operated dryers. A garbage chute connects each floor with a garbage compactor located in the garbage room for removal of garbage waste. A two level covered parking garage is detached from the main building in the southern portion of the site and provides 100 covered parking spaces with 100 open parking spaces on top. Recreational facilities are perhaps slightly lacking in the subject building; however, an outdoor, inground heated swimming pool, with all the usual equipment, is provided for the use of the tenants. Like the building itself, all the above mentioned equipment appears to be in good working order and in excellent condition.

As a result of the foregoing, the subject improvements are considered to provide all the necessary equipment and incentives required to make it competitive with other apartment complexes in the area.

Lease Data:

In accordance with the investment proposal and information received from the client, the subject property will be leased in its entirety to Kilderkin Investments Ltd. for a period of 10 years. The lease calls for rent based on 6% of the purchasers \$1,222,500. investment in the property in years 1-5; and 8% in years 6-10 on a totally net carefree basis. Therefore, Kilderkin Investments Ltd. will pay to the landlord \$73,350. per annum in years 1-5, and \$97,800. per annum in years 6-10. In addition, the tenant will pay all realty taxes, all utility expenses, all maintenance and repairs, and all mortgage payments on the first mortgage of \$4,075,000. which is repayable in blended monthly payments of \$36,471.25 including both principal and interest at the rate of 10% per annum, calculated semi annually not in advance, and maturing 5 years from the completion of the purchase of the investment proposal.

In addition, each apartment suite will be sub-leased by Kilderkin Investments Ltd. on an individual basis, with rents which adequately support the head lease.

HIGHEST AND BEST USE

The principle of Highest and Best Use of a property is fundamental to the concept of value, and may be defined as; "that use which is most likely to produce the greatest net return to the land over a given period of time". The net return may be in terms of money or amenities; for example, the highest and best use of a parcel of vacant land may be as a public park, or community centre etc.

Interpretation of the definition should include the realization that in addition to a property being physically adaptable to a specific use, there must be a demand for such use, and this use should also be legally permissible under existing legislation. Therefore, the Highest and Best Use of the subject property has been considered relative to current demand, trends, legality and ownership factors, as well as the characteristics of the area and the existing improvement itself; more particularly its remaining economic life and zoning as of the date of this appraisal.

The subject property is an integral part of the neighbourhood in which it is located and in accordance with C.M.H.C. cited earlier in this report, a good demand exists for rental accommodation of the type provided by the subject property. Under the current zoning legislation, the subject site is designated for multiple residential useage with which the subject improvement is considered to conform. The existing improvements to the subject site are considered to be in excellent condition and are considered to have a remaining economic life of approximately 40 years. In addition, the property is considered to be held under responsible ownership and competent management.

As a result of the investigation and analysis of the subject property and the foregoing discussion, the Highest and Best use of the subject property has been estimated to be the continuation of its existing use as a rental apartment complex.

VALUATION ANALYSIS

Rental apartment complexes are generally bought and sold on the basis of their income producing capabilities. As mentioned earlier in this report, the investment proposal involves the purchase of the subject property, leased in its entirety on a long term basis to an apparent good quality tenant; the head lease being well supported by individual sub-leases of each apartment suite.

In view of the long term lease, recognized for purposes of this appraisal as being registered against the subject property, it is felt that the value of the investment proposal lies in the income producing capabilities of the subject property. Therefore, the Income Approach to value will be utilized to determine the estimate of value for the subject property; consequently, the investment proposal.

Income Approach to Value:

An acquisition of an investment is a personal activity. Each investor has his own objectives and priorities. In general terms, though, the basic objectives may be defined as, maximizing income within the limits of perceived acceptable risks. Apart from cash flow or capital gain prospects, other motivations may include: prestige of ownership, amenities, tax implications, or tax shelters.

The basic criteria by which investments are judged are: security of capital, security of income, liquidity, and freedom from management burden.

By definition, the term value represents, "the present worth of future benefits". The analysis of a property purchased for investment purposes involves the assessment of these future benefits in relationship to the proposed capital investment. The valuation of an investment property is concerned with estimating the present worth of these anticipated future benefits. Therefore, all future benefits must be analyzed and then discounted to reflect their present worth.

In very rare instances, however, can these future benefits be quantified with precision in monetary terms. Nevertheless, investment properties are traded daily for a sale price which reflect the present worth of the purchaser's assessment of the anticipated future benefits.

As each investment is purchased with specific objectives in mind, it is necessary to draw parameters, based on the motivations of the typical real estate investor, in order to employ this application.

Holding Period:

While each investor has his own personal theories with respect to the length of time an investment property should be held and the holding period will vary with

each property type, it is generally recognized that a holding period of 10 years would represent the motives of the typical purchaser of property similar in type, size and location to the subject property. It is only coincidental that this holding period coincides with the term of the lease.

Property Value:

One of the main concerns of an investor purchasing investment property, is the utilization of the property at the end of the holding period. In the subject instance, the apartment complex is considered to be in excellent physical condition, and at the end of the 10 year period should still be in good condition, if maintained. The Highest and Best use of the property is not expected to change during this time span; therefore, the property is considered to still have remaining economic life after the termination of the holding period.

As a result, it is necessary to estimate the value of the property as at the effective date, without the influence of the long term lease and based on its projected physical condition, project the growth in value, to arrive at a value estimate at the end of the projected holding period and then, taking into account the cost of money including a risk factor, discount that future worth to an indication of a present value.

As the current lease of the entire property will have expired at the end of the projected holding period, the subject property's future value should be estimated without the influence of a lease of the entire property and based on its projected physical condition if maintained. To accomplish this, the Direct Sales Comparison Approach has been utilized and included in the following schedules are particulars of property sales scrutinized in order to arrive at a current value estimate for the subject property without the influence of a lease of the entire property.

SALE #1

Instrument No:	712482
Address:	221 Queen St. S., Kitchener, Ontario.
Legal Description:	Part of Lots 1,2,3 & 4, Plan 398, City of Kitchener.
Date of Sale:	July 16, 1981
Sale Price:	\$3,250,000.00
Purchaser:	Finchgate Properties 11 Ltd.
Vendor:	Bramalea Ltd.
Lot Size:	196.8 feet frontage, approximately 1 acre.
Building Size:	167 Units
Sale Price/Suite:	\$19,461.00
Comments:	<ul style="list-style-type: none">-Older high rise rental apartment building-Solid masonry construction-2 passenger elevators-2 convenience shops on ground floor-Underground parking-Superior location; inferior condition-Smaller lot area-Individual leases on each unit, none exceeding 1 year, except shops.

SALE #2

Instrument No.: 715672

Address: 1243 Queens Blvd.,
Kitchener, Ontario.

Legal Description: Part of Lot 12, Plan 786,
City of Kitchener

Date of Sale: September 8, 1981

Sale Price: \$990,000.00

Purchaser: 401188 Ontario Ltd.

Vendor: 490350 Ontario Ltd.

Lot Size: 215.38 feet frontage; approx. 1.14 acres

Building Size: 65 Units

Sale Price/Suite: \$15,230.00

Comments: -Older, 6 storey rental apartment building
-Solid masonry construction
-2 passenger elevators
-70 outdoor parking spaces
-No recreation facilities or swimming pool.
-Inferior condition; similar location
1 block from subject.
-Individual rentals of each unit,
no leases.

SALE #3

Instrument No.:	678315
Address:	65 Westmount Rd. N., Waterloo, Ontario.
Legal Description:	Parts of Lots 40 & 41, Plan 496, City of Waterloo.
Date of Sale:	March 30, 1980
Sale Price:	\$3,080,000.00
Purchaser:	Equitable Life Insurance Co. of Canada
Vendor:	Major Holdings Ltd.
Lot Size:	Irregular; approx. 2 acres
Building Size:	108 Units
Sale Price/Suite:	\$28,518.00
Comments:	<ul style="list-style-type: none">-9 storey rental apartment building-2 passenger elevators-Solid masonry construction-Underground and surface parking-No recreational facilities, or swimming pool.-Similar to subject; Superior location-Individual leases on each unit, none exceeding 1 year.

SALE #4

Address: 125 Indian Rd.,
Kitchener, Ontario.

Legal Description: Block "A", Plan 1193,
City of Kitchener.

Date of Sale: December 1, 1981

Sale Price: \$1,490,000.00

Lot Size: 211.12 feet frontage; approx. 1 acre

Building Size: 64 units

Sale Price/Suite: \$23,281.00

Comments: -11 years old
-8 storey rental apartment building
-2 passenger elevators
-Solid masonry construction
-2 level covered parking for 80 cars
-No recreational facilities or swimming pool
-Similar to subject; Inferior location
-Individual leases on each apartment;
none exceeding 1 year.

The foregoing property sales have all been inspected and analyzed for comparative purposes. All of the comparable properties contained rental apartment accomodation on six or more floors and were equipped with elevators. All of the improvements were constructed of solid masonry; and adequate tenant and visitor parking was provided. Photographs of the respective comparable properties can be found in the addenda to this report.

From an overall comparative standpoint, sales #1 and #2 are considered to be inferior to the subject property mainly due to their more advanced chronological age and inferior condition. Sales #3 and #4 are considered to be more similar to the subject property mainly due to their architectural design, chronological age, and physical condition. However, sales #1 and #3 were considered to possess superior locations; and sale #4 was considered to have an inferior location. The convenience shop on the ground floor of sale #1 was considered to be an advantage with respect to rental demand, however, only little difference if any, is anticipated in the rental obtained from the space. The lot size of sale #1 was also considered to be inferior. Sales #2, #3 and #4 contained no recreational facilities or more specifically swimming pool as is provided by the subject property. Sale #3 was considered to be superior from an architectural design and appeal standpoint. None of the sales was leased in their entirety to one tenant, with sales #1, #3 and #4 being leased individually by unit with no leases exceeding 1 year, except the shops in sale #1, and sale #2 was rented individually by unit on a month to month basis.

All four sales have been compared on a unit basis based on a sale price per suite. The value range indicated by the sale price per suite varies from a low of \$15,230. per suite to a high of \$28,518. per suite. As mentioned above sales #1 and #2 were considered to be inferior to the subject property, while sales #3 and #4 were considered to be more similar. Sale #3 was considered to have a superior location and to be slightly superior in architectural design and appeal. Architecturally, sale #4 could have been the twin of the subject building, but is considered to be inferior as to location and recreational facilities. Consequently, it is felt that a per suite value of \$25,000.00 would be representative of the current value of the subject property on a price per suite basis. Therefore, the current market value of the subject property, without the influence of the proposed long term lease of the entire property, and based on the projected physical condition of the property at the end of the holding period, is estimated to be:

163 Suites x \$25,000. per suite = \$4,075,000.00

Projected Growth in Value:

Having estimated the market value of the subject property without the benefit of the lease of the entire property to one tenant, as at the effective date of this appraisal, it is necessary, in this application, to project the value to

the end of the holding period. To accomplish this it has been necessary to rely on the historical data provided by the Kitchener-Waterloo Real Estate Board to determine what the average annual market movement has been over the past number of years.

As with any tool, the MLS Trend Line must be used with caution, however, according to local Realtors, in numerous tests of resales, the smoothed average prices have proven to be quite reliable.

With the exception of the years 1973-74 and 1981, when appreciation was at its peak, the MLS Trend Line indicates a fairly consistent appreciation of between 4% and 6% on an annual basis. In addition, it can be seen from the market survey prepared by Royal Trust Corp., mentioned earlier in this report, that the actual market appreciation for the City of Kitchener for the period July 1, 1981 to July 1, 1982 averaged approximately 5%.

As a result, it would appear that an appreciation rate of 5% per annum is not unreasonable. Therefore, the market value of the subject property at the end of the 10 year holding period is projected to be:

$$\$4,075,000. \times 1.628895^* = \$6,637,747.00$$

* Future Worth Factor @5% per annum for 10 years at annual compounded interest.

Net Rental Estimate:

In accordance with the investment proposal, the subject property is to be leased in its entirety for a period of 10 years. For purposes of this report, the lease is assumed to commence on the effective date of this appraisal. The lease calls for rent payments of \$73,350.00 per annum in years 1-5 and \$97,800.00 per annum in years 6-10, on a net absolute basis. In addition to the rent, the tenant, Kilderkin Investments Ltd., will be responsible for the payment of the first mortgage payments. Under normal circumstances, the landlord would be responsible for his own mortgage payments; therefore, the mortgage payments must be considered as additional rent and added to the rental payments to arrive at the total rent for purposes of this application.

The proposed mortgage will be in the amount of \$4,075,000. bearing interest at the rate of 10% per annum, calculated semi annually not in advance, repayable in blended monthly payments of \$36,471.25 including both principal and interest and will have a term to run until October 1, 1987.

For purposes of this report, the above described mortgage is considered to be renewed upon its maturity in 1987, at the same terms and conditions as described above. Therefore, on an annual basis, the additional rent applicable to the

mortgage payments equals \$437,655.00, and when added to the base rental, brings the total rent to:

<u>Years</u>	<u>Total Rent</u>
1-5	\$511,005.00
6-10	\$535,455.00

Selection of Discount Rate:

The discount rate is, in effect, a unit of comparison, or a unit that measures the performance of an investment in comparison to competing investment options. It is also a return rate expected by investors in a particular investment vehicle.

Several notable investors and real estate professionals were polled with respect to the rate of return expected. The consensus of opinion was that due to the expected growth in capital value of the investment and the increasing effect that leverage has on the yield rate, investors were prepared to accept a lesser return from the rental income in a real estate investment than might be obtainable in some other investment vehicle. Generally, those polled considered 12% to be a realistic discount rate in the case of properties similar to the subject.

Therefore, it has been concluded that a discount rate of 12% will be used in this application.

APPLICATION OF THE INCOME APPROACH

DISCOUNTED CASH FLOW TECHNIQUE

Parameters:

Current Market Value:		\$4,075,000.00
Holding Period:		10 years
Projected Growth in Value:		5% per annum
Net Rental (Annual):	Years 1-5	\$ 511,005.00
	Years 6-10	\$ 535,455.00
Net Rental (Monthly):	Years 1-5	\$ 42,583.75
	Years 6-10	\$ 44,621.25
Lease Up Period:		NIL
Discount Rate:		12%

Application:

Future Worth of subject property @5% compounding appreciation -
 $\$4,075,000.00 @ 1.628895 = \$6,637,747.00$

<u>Net Monthly Income</u>	<u>Present Worth Factor</u>	<u>Present Value</u>
(Years 1-5)	(B.O.P.)	
\$42,583.75	45.6936322	\$1,945,806.00
	(45.252027 x 1.009758794)	
(Years 6-10)		
\$44,621.25	25.51508604	\$1,138,515.00
	(70.520523 - 45.252027 x 1.009758794)	
Present Worth of Income Stream:		\$3,084,321.00
Present Worth of Resale Proceeds @ 12%: ($\$6,637,747.00 \times .311804$)		\$2,069,676.00
Value Estimate by the Income Approach:		\$5,153,997.00
	Rounded to:	\$5,200,000.00

CORRELATION AND FINAL ESTIMATE OF VALUE

As mentioned in the analysis, properties such as the subject, generally transact based on their income producing potential. Therefore, the Income Approach was felt to be a sufficient indicator of value for the subject property. In addition, the Discounted Cash Flow Technique closely resembles the thought process of the typical investor considering the purchase of an investment property similar to the subject. The Discounted Cash Flow Technique is also a recognized appraisal approach which has been tested on numerous occasions by the appraiser, with the result that properties analyzed using this technique have sold and resold at prices equivalent to and above their appraised value.

The parameters used in the application of the Discounted Cash Flow Technique were carefully investigated and, while not supported by facts, in many cases, are considered to be accurate. The current value of the subject property without the influence of the long term lease and based on its projected physical condition at the end of the 10 year holding period, is considered to be well supported by actual market sales which are considered to be excellent comparisons with the subject property. The calculations made in the application of this approach were thoroughly checked and rechecked, and they also are believed to be accurate.

Final Estimate of Value:

As a result of a thorough investigation and a careful analysis of the factors influencing the market value of the investment proposal, it is our considered opinion that the subject property based on the investment proposal has a market value as at October 1, 1982 of:

FIVE MILLION TWO HUNDRED THOUSAND DOLLARS

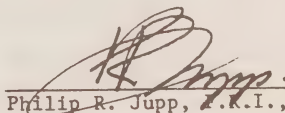
(\$5,200,000.00)

CERTIFICATION OF THE APPRAISER

The appraiser hereby certifies that in accordance with the requirements of the Appraisal Institute of Canada:

1. The undersigned has personally inspected the subject property and all relevant data pertaining to the value of the investment proposal.
2. The undersigned has no past, present or future contemplated interest in the subject property.
3. The information used to determine this valuation is, to the best of the appraiser's knowledge and belief, true and correct.
4. The undersigned has appraised the subject property, based on the investment proposal, as at October 1, 1982, to have an investment value of: \$5,200,000.00

Dated at Toronto. this 22nd. day of October 1982.


Philip R. Jupp, A.R.I., C.R.A., M.T.C.I.

QUALIFICATION OF THE APPRAISER

Name: Philip R. Jupp, F.R.I., C.R.A., M.T.C.I.

Address: 113 Sandringham Dr.,
Downsview, Ontario,
M3H 1E2.

Telephone: (416) 635-9466

Education: Secondary School Graduate (Toronto)
University of Toronto (General B.A. Course)
Appraisal Institute of Canada:

Courses Completed:

- Appraisal 1, 11 & 111
- Economics 1 & 11
- Real Property Law
- Building Construction & Cost Estimating
- Communications Concepts & Strategies

Completed:

- Demonstration Appraisal Thesis
"Single Family Dwelling"
- Demonstration Appraisal Thesis
"Income Property"
- Demonstration Appraisal Thesis
"Industrial Property"

Received:

- C.R.A. Designation - 1975
- A.A.C.I. Designation should be awarded
in 1982.

Attended:

- Expropriation and Partial Taking Seminar
- Course Update Seminar

Real Estate Institute of Canada:

Courses Completed:

- Commercial Real Estate
- Real Property Law
- Property Management
- Principals of Appraisal
- Real Estate Brokerage
- Economics
- Business Law
- Geography and Urban Planning

Received:

- F.R.I. Designation - 1975

Trust Companies Institute:

Received accredited membership as M.T.C.I., as a result of the many years experience and other accreditations, in 1980.

Experience:

- | | |
|-----------|---|
| 1968-1970 | Real Estate Sales,
R. Cholkan & Co. Ltd.,
Toronto. |
| 1970-1971 | Real Estate Sales & Appraisal
J.H. Wilson Realtor,
Barrie. |
| 1971-1976 | Real Estate Brokerage, Appraisal, Property
Management & Land Development,
Philip R. Jupp Limited,
Barrie. |
| 1976-1982 | Director of Professional Services,
(Appraisal, Property Management, Mortgage)
Real Estate Division,
National Trust Co. Ltd.,
Toronto. |
| 1982- | Real Estate Consulting & Appraisal,
Philip R. Jupp Limited,
Toronto. |

Professional Affiliations:

Toronto Real Estate Board
Ontario Real Estate Association
Canadian Real Estate Association
Real Estate Institute of Canada
Appraisal Institute of Canada
Trust Companies Institute

Appraisals Prepared For:

A.E. Lepage (Ontario) Ltd.
All Type Financial Services Ltd.
Bank of Montreal
Cabot Trust Co.
Canada Trust Co. Ltd.
Centinel Financial Ltd.
Continental Trust Co.
Government of Canada
Government of Ontario
Kilderkin Investments Ltd.
Laurentide Finance
Municipal Savings & Loan Corp.
National Trust Co. Ltd.
Nation Wide Investments Ltd.
Niagara Finance
Royal Bank of Canada
Royal Trust Co. Ltd.
Termguard Savings & Loan Co.
Texaco Canada Ltd.
Trans Canada Credit
and many private individuals

Example of marketing brochure
for a Seaway 'warehoused' property --
360 Newkirk Road, Richmond Hill

KILDERKIN INVESTMENTS LIMITED
360 NEWKIRK ROAD,
RICHMOND HILL, ONTARIO

360 NEWKIRK RD., RICHMOND HILL, ONT.

Developed by:

Kilderkin Investments Ltd.
165 Dundas Street West
Mississauga, Ontario
L5B 2N6
Phone: (416) 276-2112

360 NEWKIRK RD., RICHMOND HILL, ONT.

Summary

DEVELOPMENT	113,094 square foot commercial package		
LOCATION	360 Newkirk Road, Richmond Hill		
INVESTMENT	Land		\$1,200,000
	Building		3,600,000
			<u>\$4,800,000</u>
PAYMENT	10% Mortgage, payable \$32,202 monthly including principal and interest, maturing December 31, 1992.		\$3,600,000
	Down payment		1,200,000
			<u>\$4,800,000</u>
GUARANTEES	Kilderkin Investments Ltd. agrees to lease the property from the investor group on a net/net basis with Kilderkin guaranteeing a return to the investors in the following amounts		
	1983 to 1987	Per Annum	<u>\$ 72,000</u>
	1988 to 1992	Per Annum	<u>\$ 96,000</u>

360 NEWKIRK RD., RICHMOND HILL, ONT.

Investment Concept

The investor group is acquiring a commercial property located at 360 Newkirk Road, Richmond Hill for a total cost of \$4,800,000 allocated as follows

Land	\$1,200,000
Building	3,600,000
	<u>\$4,800,000</u>

Purchase price will be paid as follows:

10% mortgage, payable \$32,202 monthly including principal and interest, maturing December 31, 1992	\$3,600,000
Down payment	1,200,000
	<u>\$4,800,000</u>

The investor group acquires the land, building, furniture and fixtures. Kilderkin Investments Ltd. agrees to lease the property from the investor group on a net/net basis with Kilderkin guaranteeing a return to the investors in the following amounts.

1983 to 1987	per annum	\$72,000
1988 to 1992	per annum	\$96,000

A \$1,200,000 guaranteed investment certificate representing the purchaser's down payment will be issued by a trust company. This in turn will be placed in escrow to ensure the performance by Kilderkin Investments Ltd. under the terms of the lease. In the event of any default in the lease, the investor is entitled to receive the full amount of the guaranteed investment certificate.

The investor has legal title to the property. It may be sold at any time by the investor group. Should the investors decide to sell, continuation of the lease agreement is subject to the approval of Kilderkin Investments Ltd.

Benefits

The investment has numerous benefits which makes it attractive to the investor.

1. The investment provides the investor with an opportunity to own real estate.
2. The investor may benefit from future capital gains on the property through a well leveraged investment.
3. The investment provides a hedge against inflation.
4. The investor's return is guaranteed.
5. The return on the investment is secured by a trust company's \$1,200,000 guaranteed investment certificate equal to the down payment.
6. Kilderkin guarantees to rent the building from the investors until December 31, 1992.
7. Since Kilderkin is renting the building from the investors, the cost of any vacancies is borne by Kilderkin.
8. The investment provides ownership flexibility. The investor may sell his interest at any time without further obligation to the developer.
9. At the termination of the lease agreement, mortgage principal will have been reduced by \$568,609.
10. Professional property management assures the investor carefree ownership.
11. The property manager will maintain the necessary accounting records.
12. Information required for the preparation of the investor's tax return will be provided by the developer.
13. Due to the application of capital cost allowance, there is no tax payable on the return to the investor.
14. The principal reduction in the mortgage is a non cash outlay by the investor.

Guarantees and Covenants Provided by the Developer

The developer believes that for an investment to be attractive, it must be sound. The downside risk must be minimized and the profit must be maximized. The investor should first ascertain that the investment is attractive. Once he has decided that it is, he should then consider the tax advantages of this shelter.

We believe that this investment offers little downside risk and great potential for future profits. Highly leveraged real estate has been an excellent investment. We expect this to continue. As a result, we are prepared to make the following guarantees and covenants to the investors in this project.

1. To rent the property from the investors for the rental income shown in the projected cash flow analysis.
2. To guarantee the cost of the services and expenses included as expenses in the projected cash flow analysis.
3. To manage the property.
4. Kilderkin will guarantee a return to the investors in the following amounts.

1983 to 1987	\$72,000 per year
1988 to 1992	\$96,000 per year
5. The down payment will be held in escrow by a chartered bank and/or government regulated trust company for the term of the lease agreement.
6. Under the terms of the escrow agreement the down payment will be returned to the investor should Kilderkin default under terms of the lease agreement.
7. Kilderkin covenants to operate and maintain in a prudent manner the project at no cost to the investor.

360 NEWKIRK RD., RICHMOND HILL, ONT.

Analysis of investment at 3%

Purchase price	\$4,800,000
Appreciation conservatively estimated at 3% per annum.	1,650,720
Principal reduction in the mortgage.	568,609
Return to the investor.	840,000
Tax payable on return to investor	Nil
Total	<u>\$7,859,329</u>

- Note 1 — Mortgage principal outstanding at the end of the ten year term is \$3,031,391.
- Note 2 — Return on investors initial down payment averaged over the ten year lease back compounded annually is 9.6%.

360 NEWKIRK RD., RICHMOND HILL, ONT.

PROJECTED INVESTOR POSITION

	Year ending December 31									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Head lease income	\$ 72000	\$ 72000	\$ 72000	\$ 72000	\$ 72000	\$ 96000	\$ 96000	\$ 96000	\$ 96000	\$ 96000
Principal on first mortgage	35252	38866	42849	47241	52084	57422	63308	69797	76951	84839
Income before capital cost allowance	107252	110866	114849	119241	124084	153422	159308	165797	172951	180839
Capital cost allowance	107252	110866	114849	119241	124084	153422	159308	165797	172951	180839
TAXABLE INCOME	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
CUMULATIVE										
RETENTION BY										
THE INVESTOR	\$107252	\$218118	\$332967	\$452208	\$576292	\$729714	\$889022	\$1054819	\$1227770	\$1408609

360 NEWKIRK RD., RICHMOND HILL, ONT.

PROJECTED CASH FLOW ANALYSIS BY KILDERKIN

	Year ending December 31									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
RENTAL OPERATIONS										
Rental Income	\$384000	\$407040	\$431462	\$457350	\$484791	\$513879	\$544711	\$577394	\$612038	\$648760
Less 3% vacancy allowance	11520	12211	12944	13721	14544	15416	16341	17322	18361	19463
	372480	394829	418518	443629	470247	498463	528370	560072	593677	629297
Expenses										
Maintenance	15360	16282	17258	18294	19392	20555	21788	23096	24482	25950
Management	19200	20352	21573	22868	24240	25694	27236	28870	30602	32438
	34560	36634	38831	41162	43632	46249	49024	51966	55084	58388
Net Income before Interest	337920	358195	379687	402467	426615	452214	479346	508106	538593	570909
Interest	351166	347553	343569	339177	334335	328996	323110	316621	309467	301580
Income (loss) from operations	(13246)	10642	36118	63290	92280	123218	156236	191485	229126	269329
Plus G.I.C. interest	180000	180000	180000	180000	180000	180000	180000	180000	180000	180000
Less principal repayment on mortgage	35252	38866	42849	47241	52084	57422	63308	69797	76951	84839
Less head lease payment	72000	72000	72000	72000	72000	96000	96000	96000	96000	96000
NET CASH POSITION	\$ 59502	\$ 79776	\$101269	\$124049	\$148196	\$149796	\$176928	\$205688	\$236175	\$268490

The Municipality of Metropolitan Toronto

Despite periodic slow-downs in the national economy, the Metropolitan Toronto area has remained as the industrial and commercial heartland of Canada. It is ranked 6th in the world in manufacturing production according to the value of factory shipments. A metropolis of over 2 million people, Toronto has higher per capacity industrial production than any city in North America. The Toronto area leads all Standard Metropolitan Statistical Areas in the United States except Los Angeles-Long Beach area in the total value of non-residential construction. The Toronto area maintained its status as the fastest growing economic region on the North American continent and continues to be the "hub" of Canada's and Ontario's business activity. It is located at a centre of Canada's most concentrated market; one-third of the nation's buying power lies within a radius of 100 miles.

HOUSING:

Toronto has always been noted for its high percentage of homes owned by their occupants, the increasing variety of apartments and townhouses available for rent has become an important growth factor. Living conditions, rated with the best on the Continent.

EDUCATION:

Metropolitan Toronto has exceptional educational facilities, equal to none on the Continent, and offering academic and technical training courses for students of all ages.

TRANSPORTATION:

Metropolitan Toronto is fortunate to be served by one of the best equipped ports on the St. Lawrence Seaway. It is also a major centre in Ontario for passenger express and freight service with direct connections with most major cities throughout the world. In addition to Air Canada and C.P. Air, there are 15 other regularly scheduled domestic and foreign airlines using the facility. It is also served by an extensive highway, freeway and expressway system, probably one of the most modern subway systems on the Continent.

INDUSTRY:

Metropolitan Toronto has some of the largest employers in the country. It's 6,200 factories average 50 employees per plant — approximately 500 in the manufacturing classification. As a result, this area has a greater diversity than any other community in Canada. Every type of skilled labour is available, both male and female, as well as unskilled labour in a substantial volume.

Perhaps of all of the above considerations, particularly in recent years, availability of low cost power and fuel energy is most imperative. Certainly Toronto receives ample supplies of power from Ontario Hydro. Coal at its docks, oil by pipeline and tanker and natural gas by pipeline. Toronto has the power to spare and energy to burn. Contributing to Toronto's development as an industrial, commercial, financial and retail centre is the city's location in a highly prosperous agricultural area.

360 NEWKIRK RD., RICHMOND HILL, ONT.

Area Map



360 NEWKIRK RD., RICHMOND HILL, ONT.

Location



Lawyer's reporting letter
and direction as to funds
re 360 Newkirk Rd.,
Richmond Hill

D I R E C T I O N

TO: T. TEDD SAHAIDAK, Q.C.

FROM: GREEN DOOR INVESTMENTS LIMITED

RE: 360 Newkirk Road, Richmond Hill

I, the undersigned, hereby authorize and direct
you to make the proceeds payments as follows:

Town of Richmond Hill	\$ 48,780.53
Bank of Nova Scotia	59,876.56
Bristow, Catalano, Moldaver & Gilgan	1,375,388.45
Retror Real Estate Ltd.	5,300.00
472393 Ontario Limited	23,700.00
Green Door Investments Limited	195,950.00
Kilderkin Investments Ltd.	1,090,004.46
T. Tedd Sahaidak	<u>11,000.00</u>
	\$2,810,000.00

AND FOR SO DOING, this shall be your good, sufficient
and irrevocable authority.

DATED at ~~22~~ this 28 day of June, 1982.
Toronto

GREEN DOOR INVESTMENTS LIMITED

PER: 
T. Tedd Sahaidak

BROADHURST & BALL
Barristers & Solicitors
Trade Mark Agents

PETER A. BROADHURST
DAVID A. ALLPORT, O.C.
GARTH D. WALKDEN
MARY J. MAIN

JOHN J. BALL
DONALD J. BROWN, O.C.
EUGENE J. A. GIERCZAK

TELEPHONE (416) 275-3511
TELEX 06-960414
CABLE ADDRESS "BROADLAW"

SUITE 1250
MISSISSAUGA EXECUTIVE CENTRE
TWO ROBERT SPECK PARKWAY
MISSISSAUGA, ONTARIO
L4Z 1H8

July 12, 1982

Seaway Real Property Limited
2255 Sheppard Avenue
Willowdale, Ontario

Dear Sirs:

RE: Seaway Real Property Limited purchase from
Green Door Investments Limited - 360 Newkirk Road
Richmond Hill - Lease to Kilderkin Investments Ltd.

The following is our report with respect to completion of the
above-captioned purchase on your behalf.

AGREEMENT

On June 28th, 1982 you entered into an agreement of purchase and
sale, with Green Door Investments Limited, whereby you agreed
to purchase in trust, property municipally known as 360 Newkirk
Road, in the Town of Richmond Hill, for the purchase price of
\$3,600,000.00. The purchase price was to be satisfied;

by way of a deposit, paid on closing;

\$790,000.00 by way of transfer of 526,666 fully paid
common shares in the capital of Bread-Man International
Inc.;

the balance of the purchase price to be satisfied on
closing, in cash or by certified cheque.

By virtue of the entry into a head lease with Kilderkin Investments
Ltd., with it being responsible for all the expenses pertaining
to the property, there were no adjustments between the parties,
with realty taxes satisfied to the day of closing. The
transaction was scheduled to close on or before June 30th.

CLOSING

On June 30th, 1982 we attended at the Land Registry Office for the Registry Division of York Region, in Newmarket Ontario, and received the following documents and materials from the solicitor for the Vendor;

1. A deed dated June 23, 1982 from Patcat Investments Ltd. to Seaway Real Property Limited; a corporation incorporated under the laws of the Province of Ontario, in Trust;
2. Discharges of former mortgages registered against the title;
3. Direction as to payment of funds;
4. A direction to the subtenant with respect to future payments;
5. An acknowledgement by Plasticap Limited pertaining to the terms of its underlease.
6. An executed copy of the underlease with Plasticap Limited;
7. An assignment of the underlease from Patcat Investments Ltd. to Seaway Real Property Limited, in Trust;
8. An affidavit sworn by the President of Green Door Investments Ltd. pertaining to paragraph 4 (a) of the purchase agreement;

In exchange, we delivered cheques payable by direction, as follows:

1. Bank of Nova Scotia - \$59,876.56
2. Town of Richmond Hill - \$48,780.53
3. Bristow, Catalano - \$1,375,388.45
4. Kilderkin Investments Ltd. - \$1,090,004.46
5. Retror Real Estate Ltd. - \$5,300.00
6. T. T. Sahaidak, Q.C. - \$11,000.00
7. 472393 Ontario Limited - \$23,700.00
8. Green Door Investments Limited - \$195,950.00

After the exchange of documents, we proceeded to effect registration of the deed attaching thereto the Land Transfer Tax Affidavit and paying the tax to the Treasurer of Ontario, in the amount of \$28,620.00, plus \$17.00 for registration. Concurrent with closing, we delivered an undertaking with respect to delivery of the shares called for under the purchase agreement.

TITLE

The deed to Seaway Real Property Limited, in Trust, was registered June 30, 1982 at 3:57 p.m. as No. 295601, Registry Division of York Region. In our opinion, you have acquired a good and marketable title to the whole of lot 216, and that part of lot 215, as described in the deed subject to:

1. an easement over the northerly 10 feet and the southerly 20 feet of lot 216, as described;
2. an easement over the southerly 10 feet of lot 215, and upon the northerly 120 feet of the southerly 130 feet of the westerly 20 feet, of lot 215 as described;
3. the headlease hereinafter referred to in favour of Kilderkin Investments Ltd., with the present underlying lease to Plasticap Limited.

EXECUTIONS

Prior to closing, we searched executions against the Vendor and predecessors on title. This disclosed an execution against Patcat Investments Ltd. for which we obtained a specific personal undertaking by Mr. D. Catalano, Q.C., to withhold funds from those received by his firm, to satisfy same and provide us with a clear certificate forthwith.

SURVEY

Prior to closing, we examined a survey of the land and premises prepared by R.D. Tomlinson, Ontario Land Surveyor, dated April 26, 1972. This survey confirms the building as being wholly within the lot lines and no apparent encroachments thereon or thereover, subject to any defects that might be disclosed by an up-to-date survey, and our title opinion is qualified to this extent.

ZONING AND WORK ORDERS

Prior to closing, we confirmed the property is zoned for industrial

use 1C1 under bylaw 66-71 of the Town of Richmond Hill. The Town advised that they have no record of any zoning violations, outstanding notices or orders against the property or any record of current construction on the site. The present user is consistent with the zoning.

HEADLEASE

Concurrent with the closing, you entered into a headlease with Kilderkin Investments Ltd. consistent with paragraph 9 of the agreement of purchase and sale and dated June 30, 1982. The lease runs for a term of 10 years from June 30, 1982 with a net net lease payment of \$360,000.00 a year for the first five years in equal monthly instalments commencing the 30th of July, and the last day of each month thereafter to the 30th of June, 1987, and thereafter to maturity, \$432,000.00 a year payable \$36,000.00 a month. All other expenses are for the account of the Tenant, subject only to any financing that may be entered into by Landlord, subject to consent of the Tenant as provided in the clause 19 of the lease.

UNDERLYING LEASE

The bulk of the premises are now leased to Plasticap Limited as the subtenant and they have been given a direction to pay future rents to Seaway Trust Company Limited with a redirection to Delta Ward Corporation Ltd. as property manager representing Kilderkin Investments Ltd.

On closing, and delivered to Kilderkin, Plasticap Limited acknowledged the underlease in good standing with prepayment of rent for the last month of the term (June, 1983). Plasticap Limited, has the right to renew for a further 1 year period at a rent to be negotiated. The assignment of this lease is subordinate to the Headlease and to be under the control of Kilderkin subsequent to June 30th, 1982.

MISCELLANEOUS

The affidavit received as item 8 on closing, supports the status of the sublease and the representations as to and the condition of these premises on closing.

Prior to closing, the corporation 521736 Ontario Limited, was incorporated to represent the beneficial owner, and the writer of this report remains the present nominee director, subject to further instructions. Our report on incorporation will follow under separate cover.

ENCLOSURES

We have enclosed herewith the following documents:

1. Duplicate registered deed, registered as No. 295601;
2. Survey;
3. Headlease dated June 30th, 1982;
4. Declaration of the Vendor;
5. Undertaking re: delivery of shares;
6. Direction on payment of purchase monies.

The other documents pertaining to the underlease with Plasticap Limited have been delivered to Kilderkin Investments Ltd.

We have enclosed herewith our statement and trust ledger reflecting receipt and disbursements of funds which we acknowledge received by us in our account at the Canadian Imperial Bank of Commerce, Main Branch, Mississauga, on June 30th, 1982.

.../6

We thank you for the opportunity to have been of service in this matter, and if you require anything further, please advise.

Yours truly,

BROADHURST & BALL

A handwritten signature in dark ink, appearing to be 'D. Allport', with a large, stylized initial 'D' and a checkmark-like flourish at the end.

David A. Allport

/bl
encl.

Reporting letter and various
statements re 460 Ontario St.,
Collingwood transaction

BARRISTER AND SOLICITOR

TELEPHONE (416) 236-2581

SUITE 911
1243 ISLINGTON AVENUE
(AT BLOOR STREET)
TORONTO, ONTARIO
M8X 1Y9

RECEIVED MAY 14 1982

Nottawood Properties Limited,
c/o Kilderkin Investments Ltd.,
165 Dundas Street West,
MISSISSAUGA, Ontario,
L5B 2N6.

Dear Sirs: Re: Nottawood Properties Limited
 sale to 480840 Ontario Limited
 460 Ontario Street, Collingwood

The above transaction has been completed in accordance with your instructions and the terms, conditions and stipulations contained in an Agreement of Purchase and Sale dated the 25th day of September, 1981 and made between 480840 Ontario Limited, as purchaser and yourself as vendor.

The Statement of Adjustments was prepared as of October 30th, 1981, a copy of which is enclosed herein, showing a balance due on closing of \$1,105,579.24.

The sum of \$1.00 was paid by the purchaser as a deposit and is shown as a credit to the purchaser in the statement of adjustments.

As part of the consideration in this transaction, you took 160,000 shares in 435713 Ontario Inc. which shares are credited to the purchaser in the Statement of Adjustments.

It is our understanding that these shares are to be issued to:

80,000 to John Kerk
80,000 to William Lamb

Would you kindly confirm that this has in fact been completed.

A further 340,000 shares in 480840 Ontario Limited were issued to Kilderkin Investments Ltd. and the purchaser was also allowed a credit for this amount in the Statement of Adjustments.

Taxes

- 2 -

The total 1981 taxes in the amount of \$29,427.02 had been paid in full. Your share of such taxes for the period January 1st, 1981 to October 30th, 1981 amounted to \$24,428.46. You were accordingly credited with the sum of \$4,998.56 which represents the purchaser's portion of the taxes for the balance of the year.

Insurance

This building was insured by policy number 8133274 of Zurich Insurance Company, in the amount of \$1,100,000.00. The annual premium of \$1,279.00 had been paid in full to the expiry date of April 14th, 1982. You were allowed a credit of \$581.68 which represents the purchaser's share of the premium from the date of closing to the expiry date of the policy.

This policy was assigned to the subsequent purchaser, Seaway Trust Company.

Rentals

It is a condition of the agreement of purchase and sale that Kilderkin Investments Ltd. will continue to manage the property and further that it will make all the necessary internal adjustments as of October 30th, 1981 in order that all rentals accrue to the benefit of the purchaser.

Guarantee

It was a condition of the agreement of purchase and sale that under the lease back agreement with Kilderkin Investments Ltd. a net return of \$160,000.00 per year net for five years is guaranteed.

Bill of Sale

In accordance with the agreement of purchase and sale, the chattels situate within the apartment building were valued at \$10,600.00. We supplied the purchaser with a duly executed Bill of Sale covering such chattels.

Guaranty Trust Company Mortgage

It was necessary for us to attend to payment in full of the first mortgage registered on title in favour of Guaranty Trust Company of Canada. The amount required to discharge this mortgage was \$656,087.03 in accordance with the mortgage statement enclosed herein. As you are aware, this mortgage was in arrears and the mortgagee had attorned the rents. We were successful in having the rents returned, we were then forwarded to Kilderkin Investments Ltd.

In order for us to obtain a discharge of this mortgage, it was necessary to pay Fasken & Clavin legal fees in the amount of \$450.00.

Upon receipt of the duly executed discharge of this

mortgage, we attended to the registration on title.

Second & Third Mortgages

We also attended to payment in full of the second and third mortgages registered against title in favour of Galloway Development Services Limited, as follows:

Second Mortgage

Principal outstanding as of September 1st, 1981	\$240,625.03
Interest thereon to Nov. 5/81 at 2% per month	<u>10,737.92</u>
	\$251,362.95

Third Mortgage

Principal outstanding as of September 1st, 1981	110,000.00
Interest thereon from Sept. 1/81 to Oct. 30/81 @ 2% per month	4,400.00
Interest thereon from Oct.30/81 to Nov. 5/81 @ 2%/month of \$73.33/day	<u>513.33</u>
	\$114,913.33

We obtained and registered duly executed discharges of these mortgages on the title to the property.

We trust that this transaction has been completed to your satisfaction and enclose our account herein.

If we may be of any further assistance to you with regard to this or any other matter, please feel free to contact our office.

Yours truly,

/jsg
enclosures

T. Tedd Sahaidak

STATEMENT OF TRUST FUNDS

May 11th, 1982

Re: Nottawood Properties Limited s/t
480840 Ontario Limited
460 Ontario Street, Collingwood

Received on closing sale		\$1,105,579.24
Paid Guaranty Trust Company	\$ 656,087.03	
Paid Galloway Development Services re second mortgage	251,362.95	
Paid Galloway Development Services re third mortgage	114,913.33	
Paid Kilderkin Investments Ltd. November 12, 1981	65,000.00	
Paid Fasken & Calvin legal fees re first mortgage	450.00 8,088.42	
Paid our account as above	9,677.51	
TO CHEQUE ENCLOSED HEREIN	<u>\$1,105,579.24</u>	<u>\$1,105,579.24</u>

STATEMENT OF ADJUSTMENTS

NOTTAWOOD PROPERTIES LIMITED s/t 480840 ONTARIO LIMITED

460 ONTARIO STREET, COLLINGWOOD

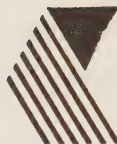
as of

October 30th, 1981

SALE PRICE		\$1,600,000.00
Deposit	\$	nil
SHARES issued in 435713 Ontario inc.		160,000.00
- issued in 480840 Ontario Limited		340,000.00
TAXES - total 1981 realty taxes paid \$29,427.02; vendor's share for 303 days \$24,428.46		
ALLOW VENDOR		4,998.56
INSURANCE - Policy No. 813 3274 of Zurich Insurance Company for \$1,100,000.00; premium \$1,279.00 expires April 14th, 1982		
ALLOW VENDOR		581.68
BALANCE DUE ON CLOSING - Payable to T. Tedd Sahaidak, Q.C. or as he may direct		
	<u>1,105,579.24</u>	
	\$1,605,579.24	<u>\$1,605,579.24</u>

E. & O. E.
/jsg

MEMORANDUM



KILDERKIN INVESTMENTS LTD.
161 DUNDAS STREET WEST 15TH FLOOR
MISSISSAUGA, ONTARIO L5E 2N6
TELEPHONE (416) 276-2112

TO Nottawood Properties Limited
1981 File
FROM Shlomo Sharon
SUBJECT Management bonus

DATE October 6, 1982

The company paid management bonus as follows:

80,000 shares of 435713 Ontario Inc. to
John Kerk (\$1 p.v.)

80,000 shares of 435713 Ontario Inc. to
William Lamb (\$1 p.v.)

340,000 shares of 480840 Ontario Limited
to Kilderkin Investments
Ltd. (\$1 p.v.)

cc: W.C.Player
Tim Howard
David Wiggins

Tim - Could you please advise me who is looking
after the Minute books of Nottawood so that
I can instruct them to prepare the resolution
re the management bonus.

Shlomo

Documentation relating to
attempt to acquire control
of Huronia Trust: Affidavit
of C.R. Laskey re Connaught
Avenue property

AFFIDAVIT

I, CHARLES RONALD LASKEY, of the City of London,
of the County of Middlesex, Businessman,

MAKE OATH AND SAY AS FOLLOWS:

1. I am the President of Double L Investments (London) Limited and as such have knowledge of the matters to which I hereinafter depose.

2. Double L Investments (London) Limited (hereinafter referred to as "Double L") is primarily engaged in the business of property management with respect to a number of apartment complexes located in the City of London. In or about July, 1980, and until approximately August, 1982, Double L was retained by Gold Prop Investments Limited (hereinafter referred to as "Gold Prop") to manage certain apartment buildings owned by it and located at 145, 155, 165 and 175 Connaught Avenue in the City of London (hereinafter referred to as the "Connaught Apartments").

3. In my capacity as President of Double L, I was responsible for leasing all units in the Connaught Apartments,

for collecting rent, for paying all expenses with respect to the maintenance of the Connaught Apartments, and for employing all personnel necessary to supervise the operation of the Connaught Apartments on a daily basis.

4. The Connaught Apartments were subject to a first mortgage in favour of the Guaranty Trust Company of Canada (hereinafter referred to as "Guaranty Trust") in the approximate principal amount of \$1.208 million with monthly principal and interest payments of \$16,592.00. In or about the month of August, 1982, because the rental income generated from the Connaught Apartments, after expenses, was insufficient to meet the monthly mortgage payments, Guaranty Trust initiated Power of Sale proceedings under its mortgage and subsequently attorned the rents from the Connaught Apartments. As a result, Double I was, at that time, retained by Guaranty Trust as property manager and it continued as such until the end of September, 1982 when the Connaught Apartments were apparently sold by Gold Prop to 400545 Ontario Limited.

5. I have reviewed the Statement of Annual Expenses and Income with respect to the Connaught Apartments (hereinafter referred to as the "Statement") apparently prepared by or at the direction of 400545 Ontario Limited. I am advised by

Touche Ross Limited and do verily believe that the said Statement was found in the files of Seaway Trust Limited relating to the Connaught Apartments. Now produced and shown to me and marked as Exhibit "A" to this my Affidavit is a copy of the Statement which I reviewed.

6. Total gross rental income in the Statement is said to be \$551,340, which figure is based on the rents being paid for each of the 128 units in the Connaught Apartments. All of the rental figures detailed in the Statement are inflated. As of September 1, 1982, the highest monthly rent actually paid for one unit was \$270.00. Using the highest rents in effect during 1982 for each unit, the maximum gross rental income for one month based on full occupancy, would be \$30,926. On an annual basis, therefore, the maximum gross rental income, assuming full occupancy, would be \$371,112.

7. The actual gross rental income received from the Connaught Apartments for the five months preceeding October, 1982, was as follows:

May, 1982	-	\$20,578.02
June, 1982	-	20,202.00
July, 1982	-	21,629.00
August, 1982	-	23,480.44
September, 1982	-	23,716.24

8. The rental income figure of \$23,716.24 shown for the month of September, 1982, was the highest income generated by the Connaught Apartments during the entire period of Double L's management. Now produced and shown to me and marked as Exhibit "B" to this my Affidavit is a true copy of a business record of the rents actually received from each unit of the Connaught Apartments for the period from October 1, 1981 to August 31, 1982. Now produced and shown to me and marked as Exhibit "C" to this my Affidavit is a true copy of the record of the gross income and expenses actually received and paid with respect to the Connaught Apartments for the month of September, 1982. Exhibits "B" and "C" are records prepared and maintained by me during the course of my management of the Connaught Apartments.

9. None of the units in the Connaught Apartments was rented pursuant to a long-term lease. Rather, all units were rented on a monthly basis. Many of the tenants were students and accordingly there was generally a high turnover. In addition, and on an annual basis, there was a vacancy rate of approximately 10%.


10. I have also reviewed the expenses as detailed in the Statement. While some of the expense items are inaccurate, the total allocation for expenses on an annual basis in the amount of \$235,750 is reasonably accurate.

11. As previously stated, and toward the end of September, 1982, Gold Prop sold the Connaught Apartments. I was aware of the pending sale and was also aware that the principal involved on behalf of the purchaser was Roger Neal. At no time, either before or after the sale was I approached by the purchaser or anyone on its behalf for any information regarding the operation of the Connaught Apartments, the gross rental income actually being received or the expenses required to maintain the Connaught Apartments.

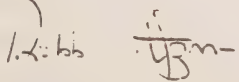
12. I make this Affidavit in good faith and for no improper purpose whatsoever.

SWORN BEFORE ME at the
City of London, in the
County of Middlesex this
4th day of February
1983.

)
)
)
)
)
)
)



Charles Ronald Laskey



A Commissioner, etc.

145 CONNAUGHT AVENUE
155 CONNAUGHT AVENUE
165 CONNAUGHT AVENUE
175 CONNAUGHT AVENUE

LONDON, ONTARIO

(128 UNITS) .

THIS IS EXACTLY _____ MENTIONED AND REFERRED
TO IN THE AFFIDAVIT OF _____
SWORN BEFORE ME AT THE CITY OF LONDON
IN THE COUNTY OF MIDDLESEX, THIS _____
DAY OF _____ A.D. 19____

A COMMISSIONER, ETC.

ANNUAL EXPENSES AND INCOME STATEMENT

145, 155, 165, and 175 Connaught Avenue,
London, Ontario

INCOME AS PER:

Rent Role	145 Connaught Avenue	\$10,165 x 12	\$121,980.00
	155 Connaught Avenue	\$12,305 x 12	147,660.00
	165 Connaught Avenue	\$10,430 x 12	125,160.00
	175 Connaught Avenue	\$12,425 x 12	<u>149,100.00</u>
			543,900.00 -
	Laundry Per centage	620 x 12	<u>7,440.00</u>

TOTAL INCOME 551,340.00

EXPENSES:

Taxes	55,500.00	1981/82	
Insurance	1,850.00	1981	
Heat and Hot Water	66,700.00	1981/82	
Hydro	49,000.00	1981/82	
Cable T.V.	7,700.00	1982	
Snow Removal	1,500.00	1981/82	
Landscaping	3,000.00	1981/82	
Superintendent	12,300.00	1982	
Water and Sewage	3,300.00	1981/82	
Maintenance	8,900.00	1981/82	
Managment	<u>26,000.00</u>		
Based on 5% of gross rents	235,750.00		235,750.00

NOTE: Buildings have few unit vacancies

6% increase in next twelve months equals \$32,634.00

TOTAL INCOME BEFORE MORTGAGE DEBT SERVICE 348,224.00

145, 155, 165, 175 Connaught Avenue,
London, Ontario

Consists of:

145 Connaught Avenue	14	1 bedroom apartments
	15	2 bedroom apartments
155 Connaught Avenue	14	1 bedroom apartments
	21	2 bedroom apartments
165 Connaught Avenue	29	2 bedroom apartments
175 Connaught Avenue	7	1 bedroom apartments
	28	2 bedroom apartments

Each building has one laundry room on main level and one furnace room.

Consists of four separate brick veneer overblock three storey apartment buildings. Second and third level apartments each have balconies.

140 Parking spaces for tenants

40 Parking spaces for visitors

Parking lot is paved.

Lot size is 4.6 acres

Borders against three acres public park

Each building has its own 400 amp service; three gas fired hot water furnaces as well as two rented gas fired hot water tanks.

Hallways are carpeted.

Stairs and landings are of inlaid traprock.

Corridor walls are wallpaper.

Each building has an Emergency Lighting System, as well as fire extinguishers and fire hoses.

All apartment units have four piece bathrooms, separate kitchens, dining rooms and living rooms with either carpet or parkay flooring and in bathroom ceramic tile flooring.

145 Connaught

<u>Bed- Rooms</u>	<u>Tenant</u>	<u>Current Rent \$</u>	<u>Deposit Held \$</u>	<u>Remarks</u>	<u>Space for Changes After Sept. 13, 1982</u>
2	Magee	360	0	Superint'd	
2	Dubeau	355	355		
1	Dubeau	340	340		
1	McGuffin	345	345		
2	Cope	365	365		
1	Cherbonneau	345	345		
2	Arnott	360	360		
1	Shawnoo	335	335		
2	Patten	365	365		
2	Parson	355	355		
2	Jack	365	365		
1	Lecompte	335	335		
1	McPhee	340	340		
2	Johnson	355	355		
1	Beggott	340	340		
2	NEW TENANT	360	360	As from Oct. 1	
1	Bridge	335	335	Being evicted	
2	Foley	365	365		
1	Cox	335	335		
2	Gossan	355	355		
2	Bayles & Trembley	360	360		
1	Clark	345	345		
1	Csere	345	345		
2	Mullon & Smith	365	365		
1	Thompson	340	340		
2	NEW TENANT	355	355		
1	Storms	345	345	As from Nov. 1	
2	Huisman & Frank	360	360	Being evicted	
1	Doidge	340	340		
TOTAL		10,165	9,805		

155 Connaught

Bed-rooms	Tenant	Current Deposit		Remarks	Space for Changes After Sept. 13, 1982
		Rent \$	Held \$		
2	Chivers	360	360		
2	Turcotte	355	355	Superint'd	
1	Lilliman	340	340		
2	Bertrand	365	365		
2	Berwick	355	355		
1	Arnold	340	340		
2	Bakker	360	360		
1	Husband	335	335		
2	Noseworthy	355	355		
1	Collins	335	335		
2	Banks	365	365		
2	Rose, Brunelle	365	365		
2	Plank	355	355		
1	Fitt	345	345		
1	Mackinnon	345	345		
2	Taylor	365	365		
2	Robertson	355	355		
2	Robinson	360	360		
1	Pont	340	340		
2	Clemento	360	360	Being evicted	
1	VACANT	345	345	Needs repairs	
2	Young	355	355		
1	Brule	335	335		
2	Wright	360	360		
2	Grant	360	360		
1	Csere	335	335		
1	Walker	340	340		
2	Hepburn	355	355		
2	Hodgson	355	355		
2	Musgrave	365	365		
1	Winder	340	340		
2	Smith	360	360		
1	Horsley	345	345		
2	Trotter	365	365		
1	Tylecex	335	335		

400545 ONTARIO LIMITED warrant
these figures to be true as of
Sept. 1, 1982

165 Connaught

<u>Bed-rooms</u>	<u>Tenant</u>	<u>Current Rent \$</u>	<u>Deposit Held \$</u>	<u>Remarks</u>	<u>Space for Changes After Sept. 13, 1982</u>
2	Martin	360	360		
2	Walsh	360	360		
2	Stafford	355	355		
2	Smither	365	365	Superint'd	
2	Williams	365	365		
2	Desmond	355	355		
2	Groulx	355	355		
2	Brissette	360	360		
2	Mills	360	360		
2	Wilkins	360	360		
2	Stipan	360	360		
2	Brady	360	360		
2	Bowden	365	365		
2	Paul	365	365		
2	Kinisch	355	355		
2	T La Forme	355	355		
2	Bartoszewicz	360	360		
2	Howard	365	365		
2	Wood	365	365		
2	MacDonald(New T.)	360	360	As from Sept. 4	
2	Gould	365	365		
2	Harte & Binga	355	355		
2	Tuer & Gunton	355	355		
2	Holmes	365	365		
2	Ward	360	360		
2	Bellettni	360	360		
2	NEW TENANT	355	355	As from Oct. 1	
2	Veitch	355	355		
2	Poisson	<u>355</u>	<u>355</u>		
TOTAL		10,430	10,430		

5 ONTARIO LIMITED warrants these figures to be true as of Sept. 1, 1982

175 Connaught

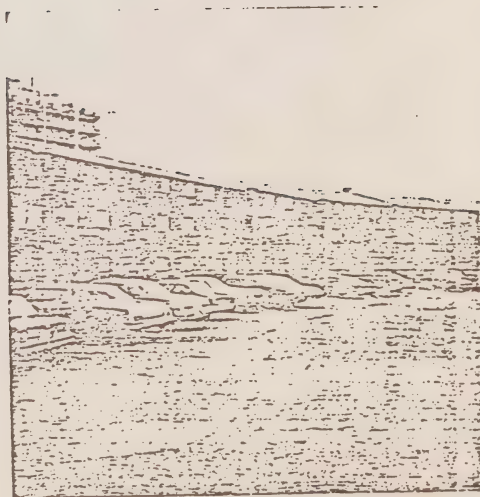
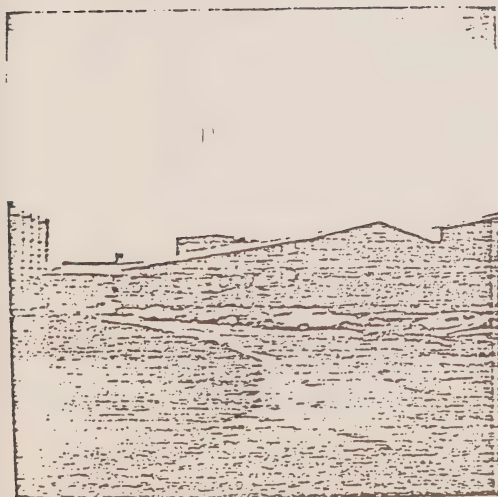
<u>Ad- dres</u>	<u>Tenant</u>	<u>Current Rent \$</u>	<u>Deposit Held \$</u>	<u>Remarks</u>	<u>Space for Changes After Sept. 13, 1982</u>
	Lavoie	360	360		
	Turner	360	360		
	Miller	365	365	Superint'd	
	Looby	365	365		
	Oake	340	340		
	Leslie	355	355		
	Clowes	340	340		
	Hartling	350	350		
	Druary	355	355		
	Haywood	360	360		
	McGrath	365	365		
	Robinson	365	365		
	Assaf	355	355		
	Assaf	355	355		
	Peterson	355	355		
	Mackey	355	355		
	MacDonald	360	360		
	NEW TENANT	335	335	As from Sept. 1	
	Walker	335	335		
	Assaf	345	345		
	Nicholes	360	360		
	Reddick	365	365		
	VACANT	355	355		
	Slade	360	360	Being evicted	
	Collins	355	355		
	Evans	355	355		
	Hunt	360	360		
	Walters	365	365		
	Brown	355	355		
	NEW TENANT	345	345	As from Oct. 1	
	Caldwell	365	365		
	Kominek (NEW T.)	340	340	As from Sept. 1	
	NEW TENANT	355	355	As from Oct. 1	
	VACANT	360	360	Needs repairs	
	Williams	355	355		



145 CONNAUGHT AVENUE



155 CONNAUGHT AVENUE



29 units

[illegible]

SWORN BEFORE ME AT THE CITY OF LONDON
IN THE COUNTY OF MIDDLESEX, THIS _____
DAY OF _____ A.D. 19____
A COMMISSIONER, ETC.

CONNACANT

35 UNITS

	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
	230	230	230	177	160	VAC	VAC	263	260
	230	230	230	230	230	160	160	160	100
Room	X	X	X	X	X	X	X	X	X
(120)	230	230	230	230	230	230	230	230	133
	230	230	230	230	230	230	230	230	245
	245	245	245	245	245	245	245	245	260
	220	205	205	205	205	205	205	218	218
245	245	245	245	245	245	245	245	245	260
205	205	205	205	205	205	205	205	205	205
230	230	230	230	230	230	230	230	230	230
220	220	220	220	220	220	220	220	220	220
230	230	230	230	230	230	230	230	230	230
X	X	X	X	X	X	X	X	X	X
	240	240	240	240	240	240	240	240	240
	230	230	230	230	230	230	230	230	230
	220	220	220	220	220	220	220	220	220
260	260	260	260	260	260	260	260	260	260
19	230	230	230	230	230	230	230	230	230
20	260	260	260	260	260	260	260	260	260
2	235	235	235	235	235	235	235	235	235
3	235	235	235	235	235	235	235	235	235
4	260	260	260	260	260	260	260	260	260
5	220	220	220	220	220	220	220	220	220
6	230	230	230	230	230	230	230	230	230
7	230	230	230	230	230	230	230	230	230
8	210	210	210	210	210	210	210	210	210
9	233	233	233	233	233	233	233	233	233
0	230	230	230	230	230	230	230	230	230
1	235	235	235	235	235	235	235	235	235
2	235	235	235	235	235	235	235	235	235
3	210	210	210	210	210	210	210	210	210
4	235	235	235	235	235	235	235	235	235
5	235	235	235	235	235	235	235	235	235
6	230	230	230	230	230	230	230	230	230
37	235	235	235	235	235	235	235	235	235

Connaught Ave.

29 UNITS

	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG.	SEPT.
	230	230	230	230	230	230	245	245	245	
	245	245	245	245	245	245	245	260	260	260
SUNDAY	X	X	X	X	X	X	X	X	X	X
	245	245	100	100	100	100	100	100	100	100
(260)	230	230	230	VAC	260	260	260	260	260	260
	260	245	100	100	100	100	100	100	100	100
	230	230	230	230	230	230	230	130	VAC	260
	230	230	230	230	230	230	230	245	245	245
	230	230	230	230	230	230	230	245	245	245
(245)	145	VAC	100	245	120	120	138.50	597.50	260	260
	230	230	230	230	VAC	260	260	260	260	260
	X	X	X	X	X	X	X	X	X	X
	230	230	230	230	230	230	230	245	245	245
(260)	230	230	EVICT	VAC	VAC	260	260	260	260	260
	245	245	245	245	245	245	245	260	260	260
	230	230	230	230	230	230	230	245	245	245
	230	230	230	230	230	230	230	245	245	245
	230	230	230	230	230	230	230	245	245	245
	230	230	230	230	230	230	230	245	245	245
	240	240	240	240	240	240	240	255	255	130
	230	230	230	230	230	230	230	245	245	245
(200)	275	215	150	140	140	140	140	260	260	260
	235	235	235	235	235	235	235	135	VAC	VAC
	235	235	235	235	235	235	235	135	VAC	VAC
	230	230	230	230	230	230	230	245	245	245
	235	235	235	235	235	235	235	245	245	245
	235	235	235	235	235	235	235	245	245	245
	235	235	235	235	235	235	235	245	245	245
	235	235	235	235	235	235	235	245	245	245
	230	230	230	230	230	230	230	245	245	245
	230	230	230	230	230	230	230	245	245	245

75 Cannaught

35 UNITS -

	RENT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG
Control		230	230	230	230	230	VAC	50	50	Paint	Paint	Paint
		230	230	230	1150	155	VAC	130	340	240	260	260
(245)		230	215	215	215	215	110	210	230	230	245	245
(230)		490	490	220	230	230	VAC	310	240	260	260	260
		205	205	205	205	Paint	Paint	Paint	Paint	Paint	Paint	218
		245	Paint	Paint	Paint	230	230	230	230	235	245	240
		205	205	205	205	205	205	205	205	215	215	218
260		VAC	VAC	245	VAC	RENTED	260	260	260	260	260	260
		230	230	230	230	230	230	230	245	245	245	245
		230	230	230	230	230	230	115	245	245	245	245
		245	173	190	245	EVLT	VAC	245	340	230	260	260
215		VAC	VAC	245	245	VAC	260	260	260	260	260	260
X X X X X X X X X X X X X X		230	230	230	230	230	230	230	245	245	245	245
		230	230	230	230	230	230	230	245	245	245	245
		230	230	230	230	230	230	230	130	245	245	245
215-7 JUNE	(245)	100	100	100	100	100	100	50	310	200	260	260
		260	240	240	50	EVLT	VAC	260	260	260	260	260
19 Paint		233	215	215	215	215	VAC	233	233	230	VAC	233
20 Paint		245	VAC	VAC	VAC	155	245	35	360	260	260	260
		205	205	205	205	205	205	205	205	218	218	218
		230	230	230	230	230	230	230	245	245	245	245
		230	230	230	185	185	185	185	185	185	185	235
Paint		240	240	230	240	230	225	115	230	230	245	245
		255	235	235	235	235	235	230	VAC	VAC	260	260
		230	230	230	230	230	230	230	245	245	245	245
15		235	235	235	235	235	235	235	235	250	250	250
260		VAC	VAC	VAC	VAC	260	260	VAC	230	245	245	245
		230	230	230	230	230	230	230	245	245	245	245
Paint		235	235	235	235	235	235	230	260	260	260	260
Paint	(235)	210	210	210	210	210	210	142	210	210	210	210
Paint		235	235	235	235	235	235	135	220	220	220	220
Paint	(135)	VAC	?	Paint	110	110	110	110	110	110	110	110
Paint		230	230	230	230	230	155	230	230	245	245	245
	(260)	230	230	230	230	230	230	130	VAC	VAC	VAC	VAC
X X X X X X X X X X X X X X		235	235	235	235	235	235	135	VAC	VAC	VAC	VAC

EXPENSES. CONNAUGHT.
SEPTEMBER/82

DATE	DESCRIPTION	AMOUNT	BALANCE
1955-155	Wm. H. McKeen -	137.68	137.68
1955-156	McKeen Bros	63.40	63.40
1955-157	McKeen Bros	29.80	29.80
1955-158	Double "L" - 2nd	95.80	95.80
1955-159	Double "L" - 2nd	158.00	158.00
1955-160	Double "L" - 2nd	87.30	87.30
1955-161	Double "L" - 2nd	120.00	120.00
1955-162	Double "L" - 2nd	57.70	57.70
1955-163	Double "L" - 2nd	39.00	39.00
1955-164	Double "L" - 2nd	94.00	94.00
1955-165	Double "L" - 2nd	692.00	692.00
1955-166	Double "L" - 2nd	390.00	390.00
1955-167	Double "L" - 2nd	61.85	61.85
1955-168	Double "L" - 2nd	52.50	52.50
1955-169	Double "L" - 2nd	695.00	695.00
1955-170	Double "L" - 2nd	765.00	765.00
1955-171	Double "L" - 2nd	647.40	647.40
1955-172	Double "L" - 2nd	225.00	225.00
1955-173	Double "L" - 2nd	525.00	525.00
1955-174	Double "L" - 2nd	701.62	701.62
1955-175	Double "L" - 2nd	77.20	77.20
1955-176	Double "L" - 2nd	139.30	139.30
1955-177	Double "L" - 2nd	77.90	77.90
1955-178	Double "L" - 2nd	16.70	16.70
1955-179	Double "L" - 2nd	265.00	265.00
1955-180	Double "L" - 2nd	57.97	57.97

15.11 + 11.12.2016 DE 1205175 155 165 175 Connarig h. $\frac{1}{2}$

Quercus & caryocarpus

Concordia

f 4322.52.

Condé's diary.

Percentage Increase - 20397%.

852,86.201

1717/02.

1519022

Loss charges returned - 130 - NSF

260-185F

2% - NSF

660-

1/2

Patience

1502912

Sept. 23 Chick Balance

less changes not collected.

131-40

129-
5

505

7,453,022

Gal's nce

g. variety (2 km)

11

1902 " "

02

Deposits

67. 67.

89-

13

71 13/10

Card

--- curly

$\frac{1}{\cos} = \sec$

cash

For more information on the research and the findings of the study, visit <http://www.oxfordjournals.org/doi/10.1093/oxfordjournals/oxfam.a014211>

1234

Documentation relating to
attempt to acquire control
of Huronia Trust: Requisition
for Mortgage Funds dated
September 27, 1982 from
Seaway Trust



SEAWAY TRUST COMPANY

HEAD OFFICE - 85 CLARENCE STREET, PORT COLBORNE, ONTARIO, CANADA (416) 835-1313

REQUISITION FOR MORTGAGE FUNDS

DATE: September 27th, 1982

Issued to: Hogben, Mayhew & Van Lang
33 Essa Road,
BARRIE, Ontario
L4N 3K4

Re: Mortgage Loan No. 1-104-3-2126

Your File No. Dynabiz Investments Ltd

Dear Sirs:

Please find enclosed our cheque in the amount of \$ 1,859,322.80 dated Sept. 28, 1982 representing the (1st ☒) (2nd ☐) (3rd ☐) (4th ☐) (Full ☒) advance(s) on the above mentioned account(s)

GROSS LOAN

\$ 1,920,000.00

LESS Cost to Complete

Previous Advances

1,920,000.00

GROSS ADVANCE

LESS:

Discount (Bonus \$)

\$

Placement Fee ~~XXXXXX~~ \$ 57,600.00

\$ 57,600

Mortgage Insurance fee to Oct 1/82 from Sept 28/82

Interest adjustment to on 1,920,000 @ 19.5%

3 days @ \$1,025.75/day

3,077.20

NET ADVANCE

\$ 60,677.25

\$1,859,322.80

- *Please note: 1) If for any reason our enclosed disbursement funds cannot be advanced immediately, the funds must be returned to this office for further action.
2) Interest is calculated from the date of the cheque.

ESCROW CONDITIONS: (PLEASE NOTE APPLICABLE CONDITIONS)

- ☒ Prior to releasing this advance, please make the usual searches for liens and executions while at the same time deducting and paying all outstanding taxes. The Mortgage must be registered prior to releasing these funds. We look forward to receiving your reporting letter and documentation within 15 days of disbursing these funds.
- ☒ Insurance coverage must be in force prior to disbursing of funds and must be in accordance with our Mortgage Commitment.
- ☒ These funds are sent to you in escrow pending receipt of a series of post-dated cheques commencing November 1, 1982 each in the amount of \$ 30,293.00
- ☐ Other

Yours truly,
SEAWAY TRUST COMPANY

Per Gordon Baillie
Mortgage Officer

Documentation relating to
attempt to acquire control
of Huronia Trust: Letter
dated September 30, 1982
from Hogben, Mayhew & Van Lange
to Seaway Trust re deposit of
\$480,000

HOCBEN, MAYHEW & VAN LANGE

BARRISTERS AND SOLICITORS

BRANCH OFFICE

33 ESSA ROAD

BARRIE, ONTARIO

LAN 3K4

TELEPHONE 737-2400

AREA CODE 705

ADAM P. MAYHEW LL.B.
DAVID T. A. HOCBEN, B. COMM LL.B.
JAMES J. VAN LANGE, LL.B.
DONNA M. HAMILTON, B.A. LL.B.

September 30, 1982

DELIVERED BY COURIER

Seaway Trust Company,
2255 Sheppard Avenue East,
Willowdale, Ontario.

Attention: Mr. Byron Daley

Dear Sir:

Re: 490039 Ontario Inc. and Dynabiz Investments
mortgages to Seaway Trust Company
67 Avenue Road, Cambridge and 497 and 499
Cleveland Avenue, London, and 145 to 175
Connaught Avenue, London

We write to confirm our telephone conversation just completed, at which time you instructed to hold the sum of \$480,000.00 in a term deposit and to release the balance of funds held in our trust account. You further authorized us to use any portion of the said \$480,000.00 as a deposit on an offer to purchase a trust company. Should the offer to purchase not be accepted, the funds used for the deposit shall be returned to the term deposit.

We further confirm that all interest made on the said \$480,000.00 shall be to the credit of the purchaser, or as it may direct.

Should the purchase of a trust company not be completed within three months from this date, you shall then provide us with your further instructions concerning the \$480,000.00.

We enclose herewith a photocopy of this letter and would ask that you acknowledge your instructions by way of signing the said copy of letter and returning to us. Thank you.

Yours very truly,

HOCBEN, MAYHEW & VAN LANGE

Catherine McGonnigal
Legal Assistant

GM/jb

Trust Ledger statement of
Broadhurst & Ball re Lumsden
Building: Original statement

Seaway Trust Company
2255 Sheppard Avenue East
Willowdale, Ontario
M2J 4Y1

TELEPHONE (416) 275-3511

BROADHURST & BALL

Barristers & Solicitors

SUITE 1250
MISSISSAUGA EXECUTIVE CENTRE
TWO ROBERT SPECK PARKWAY
MISSISSAUGA, ONTARIO
L4Z 1H8

#0986

February 18, 1982

Re: Seaway Trust Company, In Trust,
purchase 6 Adelaide Street East,
Toronto, The Lumsden Building

TRUST LEDGER STATEMENT

RECEIVED

Greymac Properties Inc.	\$4,000,000.00
Seaway Trust Company	4,000,000.00

PAID

Treasurer of Ontario	\$ 159,865.00	
Fogler, Rubinoff	2,990,225.80	
Kilderkin Investments Ltd.	760,975.94	
S.T.M. Investments	2,000,000.00	
Eaton Bay Mortgage Corporation for the account of 435713 Ontario Inc.	1,850,000.00	
Robert Braun, In Trust, for the account of 435713 Ontario Inc.	150,000.00	
Treasurer of Ontario	12,464.00	
Broadhurst & Ball on Account of Invoice #0986	11,333.15	
Kilderkin Investments Ltd.	65,136.11	
	<u>\$8,000,000.00</u>	<u>\$8,000,000.00</u>

THIS IS OUR TRUST LEDGER
STATEMENT HEREIN

Broadhurst & Ball

BROADHURST & BALL

DAA/caj
E. & O. E.

Trust ledger statement of
Broadhurst & Ball re Lumsden
Building: Amended statement

Seaway Trust Company,
2255 Sheppard Avenue East,
Willowdale, Ontario.

TELEPHONE (416) 275-3511

BROADHURST & BALL

Barristers & Solicitors

SUITE 1250

MISSISSAUGA EXECUTIVE CENTRE

TWO ROBERT SPECK PARKWAY

MISSISSAUGA, ONTARIO

L4Z 1H8

#0986

AMENDED

February 18, 1982

RE: SEAWAY TRUST COMPANY IN TRUST purchase
6 Adelaide Street East, Toronto
The Lumsden Building

TRUST LEDGER STATEMENT

RECEIVED FROM GREYMAC PROPERTIES INC.		\$4,000,000.00
RECEIVED FROM SEAWAY TRUST COMPANY		4,000,000.00
PAID TREASURER OF ONTARIO	159,865.00	
PAID FOGLER, RUBINOFF	2,990,225.80	
PAID KILDERKIN INVESTMENTS LTD.	760,975.94	
PAID S.T.M. INVESTMENTS	2,000,000.00	
PAID EATON BAY MORTGAGE CORP.	1,850,000.00	
PAID ROBERT BRAUN, IN TRUST	150,000.00	
PAID TREASURER OF ONTARIO	12,464.00	
PAID BROADHURST & BALL	11,333.15	
ON ACCOUNT OF INVOICE #0986		
PAID TO KILDERKIN INVESTMENTS LTD.	65,136.11	
TOTALS:	<u>\$8,000,000.00</u>	<u>\$8,000,000.00</u>

BROADHURST & BALL

Broadhurst & Ball

DAA/fp
E. & O.E.

THIS IS OUR AMENDED TRUST LEDGER STATEMENT.

Draft agreement to purchase
Lumsden Building for \$22
million

AGREEMENT

RE: 6 Adelaide Street East, Toronto
The Lumsden Building

Singh M. G.!
page
Singh 6 Adelaide
St.

BETWEEN:

KILDERKIN INVESTMENTS LTD.
SEAWAY TRUST COMPANY, IN TRUST
WILLIAM C. PLAYER, (PLAYER)

AND

ALAN EYRE (EYRE)

AND

HEMLOCK VALLEY RECREATIONS LTD. (HEMLOCK)

WHEREAS as of the date hereof, Phelpsston Investments Inc. has arranged for a first mortgage loan (Loan) to Hemlock in the amount of \$9,000,000.00 on stated terms to be secured by the property known as Hemlock Valley, resort complex;

AND WHEREAS it is agreed that the Loan is conditional upon the concurrent execution of this Agreement whereupon the Loan commitment and this Agreement shall constitute one Agreement among all the parties thereto;

NOW THEREFORE in consideration of the arrangement of the Loan (the sufficiency of which is hereby acknowledged) Alan Eyre and Hemlock Valley Recreations Ltd. undertake and agree as follows:

1. The recitals form a part of the Agreement.
2. Concurrent with the advance of the Loan proceeds, Eyre, Hemlock

or their assignee shall apply \$4,500,000.00 to the purchase of shares in a Corporation holding title to the Lumsden Building (Building) on the basis of the following terms:

- (i) The Corporation shall acquire the Building for the price of \$22,000,000.00.
- (ii) The Corporation shall execute or assume a wrap around mortgage in the principal amount of \$15,100,000.00 to be held by Seaway Trust Company as Trustee, bearing interest at the rate of 10% per annum calculated semi-annually not in advance, with a five year term and repayment based on a 25 year amortization.
- (iii) Eyre or his assignee shall acquire 45/69 of the issued share capital of the Corporation and Player or his assignee 24/69 of such capital.
- (iv) The capitalization of the Corporation shall be as mutually agreed.
- (v) Player or his designated Company shall effect renovations to the Building, according to plans which the undersigned have reviewed and approved, and shall be responsible for leasing up the entire Building.
- (vi) The Corporation shall leaseback the Building to Kilderkin Investments Ltd. for a 10 year term with a return to the lessor escalating from 0 to 9 percent per annum over the term based on an investment of \$6,900,000.00 on a net net basis, with the lessee responsible for mortgage payments and financing during the term.
- (vii) Eyre shall have the right of set off against the Player 24/69 share in respect of Player's failure to complete the renovations and lease up in a proper and timely

PAGE THREE

manner, to be further detailed in conjunction with the full purchase and sale agreement to be prepared in support of this agreement and the completion of the purchase of the Building and to include a shareholders agreement with buy/sell provisions.

DATED THIS day of September, 1982.

HEMLOCK VALLEY RECREATIONS LTD.

PER: _____

ALAN EYRE

ACKNOWLEDGED AND CONFIRMED

SEAWAY TRUST COMPANY

PER: _____

KILDERKIN INVESTMENTS LTD.

PER: _____

WILLIAM C. PLAYER

Documentation filed June 7,
1982 with the Toronto Stock
Exchange re Camreco

SCHEDULE 1

THE EXCHANGE HAS NEITHER APPROVED NOR DISAPPROVED THE INFORMATION CONTAINED IN THIS FILING STATEMENT, WHICH IS A REPRODUCTION OF THE ORIGINAL FILED WITH THE EXCHANGE BY THE COMPANY AND IS ISSUED FOR INFORMATION PURPOSES ONLY. THIS FILING STATEMENT IS NOT TO BE REPRODUCED IN WHOLE OR IN PART WITHOUT THE WRITTEN APPROVAL OF THE TORONTO STOCK EXCHANGE.

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 2179
FILED JUNE 7, 1982

CAMRECO INC.

Incorporated as Windward Gold Mines Limited under Part XI of the Companies' Act, Ontario, by Letters Patent dated November 18th, 1946, and changed to Windfall Oils & Mines Limited by Supplementary Letters Patent dated July 2nd, 1977, and changed to Camreco Inc. Full corporate name of Company

by Certificate of Amendment dated June 26th, 1981.

Particulars of incorporation (e.g., incorporated under Part IV of the Corporations Act, 1975 (Ontario) by Letters Patent dated May 1st, 1977).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed reorganization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

PROPOSED PRIVATE PLACEMENT:

The Corporation, subject to shareholder and regulatory approval, through its Board of Directors, proposes to issue 22,727,272 common shares at a price of \$0.44 per share for an aggregate subscription price of \$10,000,000 Canadian, to the following:

William C. Player	-	14,772,727 common shares
Elmvale, Ontario		
Seaway Trust Company	-	3,977,273 common shares
Toronto, Ontario		
Greymac Mortgage Corporation	-	3,977,272 common shares
Toronto, Ontario		

The Corporation will receive the following consideration for the issuance of the above common shares:

	William C. Player	Seaway Trust Company	Greymac Mortgage Corporation	TOTAL
Cash	\$2,340,000	\$1,150,000	\$1,150,000	\$4,640,000
Commercial Real Estate	\$1,160,000	\$600,000	-----	\$1,760,000
Preference Shares	\$3,000,000	-----	\$600,000	\$3,600,000
TOTAL	\$6,500,000	\$1,750,000	\$1,750,000	\$10,000,000
Shares to be Issued:	14,772,727	3,977,273	3,977,272	22,727,272

The following are the real estate acquisitions which are being acquired at the fair market value of the net equity position at the time of acquisition:

Owner	Description	Net Equity
1) William C. Player	- 2335 Yonge Street Toronto, Ontario (20,000 sq. feet commercial) Purchase Price (1981): \$3,780,000 First Mortgage: \$3,220,000 (7% interest only monthly, 3 year term)	\$560,000
2) William C. Player	- 55 Park Street Mississauga, Ontario (94 unit apartment building) Purchase Price (1982): \$3,600,000 First Mortgage: \$2,700,000 (12% interest, 5 year term, 25 year amortization) Second Mortgage: \$300,000 (repayable interest only, nil interest 1st 2 years, 5% interest 2nd 2 years, 7% interest last year, 5 year term)	\$600,000
3) Seaway Trust Company	- Malvern Shopping Centre Lapsley Road, Scarborough Purchase Price (1982): \$4,600,000 First Mortgage: \$3,400,000 (interest at 10%, 5 year term, 25 year amortization) Second Mortgage: \$600,000 (interest at 10%, 5 year term, 25 year amortization)	\$600,000

The real estate acquisitions referred to hereinabove, are leased to Kilderkin Investments Ltd., a property management company owned entirely by William C. Player. All properties are leased for a 10 year term with a guaranteed return on the net equity interest to be acquired by the Corporation of 4% for the first 5 years and 8% for the final 5 years. Kilderkin, pursuant to its lease arrangements, is responsible for all operating expenses, mortgage payments, taxes, insurance, and maintenance, of the leasehold premises during the term. All obligations

under the Kildarkin lease, together with the guaranteed annual return to the Corporation, are insured by Kildarkin through the Isle of Man and General Life Assurance Company Limited, with policy limits to \$20,000,000.

The following securities are being acquired at cost:

Owner	Description	Net Equity
1) William C. Player -	120,000 Series "A" 10% cumulative non-voting redeemable retractable preference shares with a par value of \$25.00 per share	\$3,000,000
2) Greymac Mortgage Corporation	60,000 Series "B" 10% cumulative non-voting redeemable retractable preference shares with a par value of \$10.00 per share	\$600,000

These assets are income producing and the Corporation anticipates an average fixed annual revenue of \$483,200 as a result of these acquisitions, said income to be derived as follows:

Asset	Annual Income (1st 5 Years)	(2nd 5 Years)
1) 2335 Yonge Street Toronto, Ontario	\$33,600	\$44,800
2) 55 Park Street Mississauga, Ontario	\$36,000	\$48,000
3) Malvern Shopping Centre Scarborough, Ontario	\$36,000	\$48,000
4) Series "D" Preference Shares (Seaway Trust Company)	\$300,000	\$300,000
5) Series "B" Preference Shares (Greymac Trust Company)	\$60,000	\$60,000
TOTAL	\$465,600	\$500,800

INDEPENDENT EVALUATIONS TO BE OBTAINED:

Should the asset values established by the appraisals, said appraisals to have been approved by The Toronto Stock Exchange, prove to be less than those indicated in the agreement, the difference will be made up in the form of cash consideration. No additional share consideration shall be allowed should the appraisals exceed the asset values as stated herein.

CHANGE OF CONTROL:

This private placement will result in a change of control of the Corporation to William C. Player, who, upon conclusion of this transaction, will control 54% of the issued shares of the Company.

USAGE OF FUNDS:

A) Cash Consideration:

Use	Amount
1) Retirement of convertible note in the principal amount of \$240,000 Canadian, to Interline Forwarders Ltd., Mississauga, Ontario, together with interest to April 12, 1982.	\$260,514
2) Payment of final instalments due under Mon-Oil Joint Venture Agreements entered into on June 1st and 30th, 1981, as amended on October 15th, 1981, November 15th, 1981, and February 15th, 1982. (\$400,000 U.S.)	\$489,240
3) Retirement of corporate bank indebtedness. [See Item 5]	\$350,000
4) Retirement of accounts payable and accrued liabilities.	\$236,260
5) Proposed additional investment to expand Mon-Oil drilling program.	\$600,000
6) Working Capital.	\$2,703,986
Subtotal	\$4,640,000

B) Balance of Consideration for which Shares are Being Issued:

1) Commercial Real Estate	\$1,760,000
2) Preference Shares	\$3,600,000
TOTAL	\$10,000,000

	As shareholder and regulatory approval was received for a portion of the private placement representing the issuance of 2,500,000 shares for cash consideration in the amount of \$1,100,000, Items A(1) and A(2) above have been retired.		
	CONVERSION OF DEBT TO EQUITY:		
	(a) Corporate Debentures in the amount of \$66,000 Canadian each, in favour of Guaranty Trust Co. of Canada as Trustee for the Special Registered Retirement Savings Plan of P.S. Broadhurst, P.Eng., and International Energy Systems Inc., have been approved for conversion, subject to the approval of the majority of the minority of the shareholders, at a reduced conversion price of \$0.50.		
	(b) Fees for legal and administrative services in the amount of \$80,000 due and owing to Broadhurst & Ball, Barristers and Solicitors, are to be converted to equity by the issuance of common shares, subject to shareholder and regulatory approval.		
2. Head office address and any other office address	Two Robert Speck Parkway, Suite 1250, Mississauga, Ontario, L4Z 1H8.		
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Name and Address</u>	<u>Position Held</u>	<u>Chief Occupations For Past 5 Years</u>
	Peter A. Broadhurst R.R. #1 Campbellville, Ontario	President and Director	Barrister & Solicitor - Partner, Broadhurst & Ball, Mississauga, Ont.
	Dale D. Buell 1645 South Ocean Drive Fort Lauderdale, Florida	Vice-President and Director	Assistant to Office Manager, Greenshields Inc., Niagara Falls, Ontario, prior to March, 1980. Vice-President of Delta Resources.
	John J. Ball 1138 Tecumseh Park Drive Mississauga, Ontario	Secretary-Treasurer and Director	Barrister & Solicitor - Partner, Broadhurst & Ball, Mississauga, Ont.
	W. Michael M. Ogden, P.Eng. R.R. #4 Stouffville, Ontario	Director	Self-Employed Mining Geologist.
	William A. Baker 1090 Caldwell Avenue Mississauga, Ontario	Director	Vice-President, Toronto Branch, Guaranty Trust Company, prior to April 1, 1978. Chief Operating Officer, MacDonald Carter Trust, Mississauga, Ontario April 1, 1978 to September 11, 1981. Proposed President & Chief Executive Officer of the proposed "Professional Trust Company".
	John J.L. White 38 Butterfield Drive Don Mills, Ontario	Director	Barrister & Solicitor to July, 1978. Director of Listings & Distributions The Toronto Stock Exchange, from July, 1978, to December, 1980. Associate General Counsel, Northern Telecom Limited, March, 1981 to present.
4. Share capitalization showing authorized and issued and outstanding capital.	10,000,000 shares without par value of which 4,636,363 are issued. Upon conclusion of the proposed private placement, it is expected that there will be 50,000,000 shares without par value authorized, of which 27,675,571 will have been issued, as follows:		
	Issued as at March 31, 1982 -		4,636,363
	Issued on April 22, 1982:		
	a) William C. Player		227,272
	b) Seaway Trust Company		1,136,364
	c) Greymac Mortgage Corporation		1,336,364
	To be issued upon conclusion of this private placement:		
	a) William C. Player		14,545,455
	b) Seaway Trust Company		2,840,909
	c) Greymac Mortgage Corporation		2,840,908
	To be issued to convert corporate debentures [see Item 1]:		
	a) Guaranty Trust Company of Canada, Trustee for the Special Registered Retirement Savings Plan of P.S. Broadhurst, P.Eng.		155,968
	b) International Energy Systems Inc.		155,968
	Total Issued upon conclusion of the above-referred-to transactions		27,675,571

5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Corporation has borrowed the sum of \$350,000 from a Canadian Chartered Bank and has delivered security by way of a general security agreement. The Corporation has also issued Debentures in the amount of \$132,000.			
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	The Company has made application to The Toronto Stock Exchange for permission to grant options on a total of 450,000 shares to its directors and senior officers. The price and the terms and conditions of the said options will be established by the Exchange and are subject to shareholder approval. The optionees are Peter A. Broadhurst as to 150,000 shares; John J. Ball as to 100,000 shares; and Dale D. Buell, W.M.M. Ogden, William A. Baker, and John J.L. White, each as to 50,000 shares. The option to be granted must be exercised within 12 months of an optionee ceasing to be an officer or director. All of these options expire on November 13th, 1986, at a price of \$0.93.			
7. Names and addresses of persons having any interest, direct or indirect in underwriting or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Item 6			
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	N/A			
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Corporation proposes to expand its participation in the Mon-Oil Joint Venture at Cole Creek, Wyoming, by participating in the drilling of an additional 3 to 5 wells. In addition, the Corporation plans to actively seek participation in other oil and gas ventures. See Item 1 with respect to Usage of Funds.			
10. Brief statement of company's chief development work during past year.	<p>A) The Company carried out a surface diamond drilling program on its Echo and McKee Township gold property in 1980. 20,353 feet of diamond drilling was carried out. Down to a depth of -20 feet below surface the following calculated probable ore reserves were indicated by the drilling:</p> <p>"Probable Ore" - uncut grade, with 25% dilution added 150,120 tons that contain 44,905 ounces of gold at an uncut grade of 0.30 ounces of gold per ton.</p> <p>OR</p> <p>"Probable Ore" - cut grade, with 25% dilution added 150,120 tons that contain 28,000 ounces of gold at a cut grade of 0.19 ounces of gold per ton.</p> <p>B) <u>TUNNEL PROSPECT:</u> Washington County, Ohio.</p> <p>The Company participated in the drilling of 9 wells in this area during the past year. Gas line connections were made in November of 1981, and all 9 wells are producing oil and gas.</p> <p>C) <u>MON-OIL JOINT VENTURE #1:</u></p> <p>The Company entered into Joint Venture Agreements in June, 1981, with Mon-Oil Limited of Calgary, Alberta. Pursuant to the Joint Venture Agreements, the Mon-Oil State No. 1 Well was drilled at Cole Creek, Wyoming, during the month of August, 1981. Preliminary test results justified the completion of the well for production purposes.</p> <p>The State No. 1 Well went into commercial production on January 31st, 1982, and is currently producing at a rate of approximately 30 bbls per day.</p> <p>For further particulars, see the Corporation's Statement of Material Facts, No. 81-182, on file with The Toronto Stock Exchange.</p>			
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Vendor	Assets	Value (at Cost)	Consideration to be Paid (common shares)
	1) William C. Player 101 Yonge Street Elmvale, Ontario L0L 1P0	(a) Cash (b) Preference Shares (Seaway Trust Company) (c) Commercial Real Estate	\$2,340,000 \$3,000,000 \$1,160,000	5,318,181 6,818,182 2,636,364

	2) Seaway Trust Company (a) Cash \$1,150,000 2,613,637 2255 Sheppard Ave. E. Willowdale, Ontario (b) Commercial Real Estate \$600,000 1,363,636 M2J 4Y1
	3) Greymac Mortgage Corporation (a) Cash \$1,150,000 2,613,636 390 Bay Street (b) Preference Shares (Greymac Trust Company) \$600,000 1,363,636 Toronto, Ontario M5H 2Y2
	TOTAL \$10,000,000 22,727,272
	NOTE: Independent Evaluations to be Obtained: Should the asset values established by the appraisals, said appraisals to have been approved by The Toronto Stock Exchange, prove to be less than those indicated in the agreement, the difference will be made up in the form of cash consideration. No additional share consideration shall be allowed should the appraisals exceed the asset values as stated herein.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company	Persons having a greater than 5% interest in Company 1. William C. Player 101 Yonge Street Elmvale, Ontario L0L 1P0 2. Seaway Trust Company 2255 Sheppard Avenue East Willowdale, Ontario M2J 4Y1 [Mr. Andrew F. Markle 296 Fifth Street Midland, Ontario L4R 3W6] 3. Greymac Mortgage Corporation 390 Bay Street Toronto, Ontario M5H 2Y2 [Mr. Leonard Rosenberg 33 Laureleaf Road Thornhill, Ontario L3T 2X4 - and - Mr. Branco Weiss Rautistrasse, 58 P.O. Box CH-8048 Zurich, Switzerland]
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement	14,772,727 shares issued in the name of William C. Player to be held in escrow for the period of one year. No transfer or disposition of these shares shall take place without the prior written approval of The Toronto Stock Exchange.
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	William C. Player - 101 Yonge Street, Elmvale, Ontario, L0L 1P0.
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Current Shares % of Total Capital 1. 421295 Ontario Limited, Two Robert Speck Parkway, Suite 1250, Mississauga, Ontario, L4Z 1R8. 1,535,400 33.11 2. Greenshields Limited, P.O. Box 30, 1 First Canadian Place, Toronto, Ontario. 796,644 17.18 3. Midland Doherty Limited, Commercial Union Tower, P.O. Box 25, Toronto-Dominion Centre, Toronto, Ontario. 102,323 2.11 4. Richardson Securities of Canada, 1 Lombard Place, Richardson Building, Winnipeg, Manitoba. 98,185 2.13 5. Merrill Lynch Pierce Fenner & Smith Inc., One Liberty Plaza, 165 Broadway, New York, New York. 97,608 2.10
	NOTE: The Company is not aware of the beneficial owners of the shares of \$2 to \$5 above.

After completion of the transaction referred to in Item 1:		
1. William C. Player, 101 Yonge Street, Elmvale, Ontario, L0L 1P0. (These shares are pooled. See Item 13)	14,772,717	53.38%
2. Seaway Trust Company, 2255 Sheppard Ave. East, Willowdale, Ontario, M2B 4Y1.	3,970,273	14.37%
3. Greymac Mortgage Corporation, 390 Bay Street, Toronto, Ontario, M5H 2Y2.	3,970,272	14.37%
4. 421295 Ontario Limited, Two Robert Speck Parkway, Suite 1250, Mississauga, Ontario, L4T 1M8.	1,535,400	5.55%
5. Greenshields Limited, P.O. Box 30, 1 First Canadian Place, Toronto, Ontario.	756,644	2.85%

NOTE: The Company is not aware of the beneficial owners of the shares of \$5 above.

16. Names and addresses of persons whose shareholdings are large enough to materially affect control of the company:	PRICE TO THE PROPOSED TRANSACTION:
	421295 Ontario Limited, Two Robert Speck Parkway, Suite 1250, Mississauga, Ontario, holds 1,535,400 common shares or 33.14% of the issued shares of the Company. The following are the names and addresses of those having more than a 5% interest in 421295 Ontario Limited:

- 1) P.S. Broadhurst, P.Eng. - 4000 Yonge Street, Apartment 8411, Toronto, Ontario.
- 2) Dale D. Buell - 1645 South Ocean Drive, Fort Lauderdale, Florida.
- 3) Edward C. Buell, Jr., P.Eng. - 1645 South Ocean Drive, Fort Lauderdale, Florida.
- 4) Michael DeSpirt - 31 Rosedale Boulevard, Eggertsville, New York.
- 5) Francis Hornung - 18 Parker Avenue, Buffalo, New York.
- 6) Anthony Eckert - 130 Avalon Drive, Snyder, New York.
- 7) International Energy Systems Inc. - 159 Wales Avenue, Tonawanda, New York.

SUBSEQUENT TO THE PROPOSED TRANSACTION:

A) William C. Player, 101 Yonge Street, Elmvale, Ontario, will hold 14,772,717 common shares or 53.38% of the issued shares of the Company.

B) Seaway Trust Company, 2255 Sheppard Avenue East, Willowdale, Ontario, will hold 3,970,273 common shares or 14.37% of the issued shares of the Company.

Mr. Andrew F. Markle of 296 Fifth Street, Midland, Ontario, has more than a 5% interest in Seaway Trust Company.

C) Greymac Mortgage Corporation, 390 Bay Street, Toronto, Ontario, will hold 3,970,272 common shares or 14.37% of the issued shares of the Company. The following persons have more than a 5% interest in Greymac Mortgage Corporation:

- 1) Leonard Rosenberg - 33 Laureleaf Road, Thornhill, Ontario, and.
- 2) Banko Welas - Bautistrasse, 58, P.O. Box CH-8048, Zurich, Switzerland.

17. Details of investments in the shares or other securities of other companies given or received from operations during past 12 months and present interest owned.	# of Shares	Cost	Fair Market Value, 10/87
Canadian Arrow Mines Limited	6,500	\$1,625	\$2.80
Brookline Reef Mines Limited	1,300	\$325	\$536
		<u>\$1,950</u>	<u>\$3,336</u>

18. Brief description of any assets pending or proposed acquisition of the properties

NIL

FINANCIAL STATEMENTS

CUMECO INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED BALANCE SHEET--DECEMBER 31, 1981
(with comparative historical figures)

ASSETS	PRO FORMA		LIABILITIES AND SHAREHOLDERS' EQUITY		PRO FORMA	HISTORICAL
	(Unaudited)	HISTORICAL			(Unaudited)	
CURRENT ASSETS:			CURRENT LIABILITIES: (Note)			
Cash and term deposits (Note)	\$ 2,706,676	\$ 2,690	Revolving bank loan	-	\$ -	\$ 390,000
Accounts receivable, at cost (quoted market value of \$3,016)	1,950	1,950	Debtors' note	-	-	240,000
Prepaid expenses	6,851	6,851	Debitures payable	-	-	240,000
Miscellaneous receivables	-	-	Accounts payable and accrued liabilities	-	-	243,510
	<u>\$ 2,715,477</u>	<u>\$ 11,491</u>			<u>\$ -</u>	<u>\$ 965,510</u>
INVESTMENTS: (Note)			CAPITAL STOCK:			
Commercial real estate	\$ 1,760,000	\$ -	Authorized:			
Stoway Trust Preference Shares - 120,000 Series 'D'	3,000,000	-	50,000,000 Shares (Historical - 10,000,000 shares),			
Graymac Trust Preference Shares - 60,000 Series 'C'	600,000	-	no par value			
	<u>\$ 5,360,000</u>	<u>\$ -</u>	Issued:			
			17,675,571 Shares (Historical - 4,636,363 shares)		\$12,871,274	\$2,715,756
Mining Claims:			DEFICIT		<u>820,072</u>	<u>820,072</u>
Echo and McAree Townships, Zenora	\$ 100,000	\$ 100,000			<u>\$12,051,652</u>	<u>\$1,895,684</u>
Mark and Prosser Townships, Cochrane	200,000	200,000				
Lyon County, Nevada	3,240	3,240				
	<u>\$ 303,240</u>	<u>\$ 303,240</u>				
DEVELOPMENT EXPENDITURES DEFERRED:						
Echo and McAree Townships, Zenora	\$ 479,268	\$ 479,268				
Mark and Prosser Townships, Cochrane	176,495	176,495				
Lyon County, Nevada	4,000	4,000				
Non-Oil Joint Venture	1,809,458	720,618				
General and administrative	797,261	760,039				
	<u>\$ 3,672,935</u>	<u>\$2,366,473</u>				
	<u>\$12,051,652</u>	<u>\$2,861,204</u>				

The accompanying note is an integral part of this pro forma consolidated balance sheet.

CANECO INC. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1981
(with comparative historical figures)

	PRO FORMA (Unaudited)	HISTORICAL
SOURCE OF FUNDS:		
Issue of capital stock for November private placement	\$ 120,000	\$ 120,000
Issue of capital stock for conversion of debentures payable (Note)	155,968	-
Issue of capital stock for pro forma placement (Note)	4,640,000	-
Total source of funds	\$ 4,915,968	\$ 120,000
APPLICATION OF FUNDS:		
Expenditures deferred	2,438,939	1,312,477
	\$ 2,477,029	\$ (1,192,477)
NON-FUND TRANSACTION: (Note)		
Acquisition of real estate and preference shares	5,360,000	-
Less: Issue of shares	(5,360,000)	-
Increase (decrease) in working capital	\$ 2,477,029	\$ (1,192,477)
WORKING CAPITAL, beginning of year	<u>238,448</u>	<u>238,448</u>
WORKING CAPITAL (DEFICIENCY), end of year	<u>\$ 2,715,477</u>	<u>\$ (954,029)</u>

The accompanying note is an integral part of this pro forma consolidated statement of changes in financial position.

NOTE TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1981

The Corporation, subject to shareholder and regulatory approval, through its Board of Directors, proposes to issue a private placement of 20,000,000 shares at a price of \$0.50 per share for an aggregate subscription price of \$10,000,000. For the issuance of these shares the Company will receive the following consideration:

Cash	\$ 4,640,000
Commercial real estate	1,760,000
Preference shares	3,600,000
	<u>\$10,000,000</u>

The Pro Forma statements include the above transaction as if it had occurred at December 31, 1981 plus the following uses of this cash received:

i) Repayment of demand bank loan	\$ 350,000
ii) Repayment of the convertible promissory note including accrued interest to date of payment	260,514
iii) Payment of the accounts payable and accrued liabilities including accrued interest on the debt except for \$7,260 of interest which relates to the debentures payable	236,260
iv) Payment of final payment due pursuant to Non-Oil Joint Venture	489,240
v) Additional investment in Non-Oil Joint Venture	<u>600,000</u>
	<u>\$1,936,014</u>

In addition, the pro forma statements reflect the conversion of the \$132,000 of debentures payable plus \$23,968 of accrued interest to July 16, 1982, to 311,936 shares at a conversion price of \$0.50 per share.

The pro forma statements also include the proposed increase in authorized shares from 10,000,000 to 50,000,000 shares.

CAMRECO INC.

CONSOLIDATED BALANCE SHEETS—MARCH 31, 1982 AND 1981
(Unaudited)

ASSETS

	March 31 1982	March 31 1981
CURRENT ASSETS:		
Cash and term deposits	\$ 47,000	\$ 90,870
Marketable securities, at cost (quoted market value of \$2,886 in 1982 and \$8,921 in 1981)	1,950	1,950
Miscellaneous receivables	16,851	2,183
Recoverable under Ontario Mineral Exploration Program	-	59,000
	-----	-----
	\$ 65,801	\$ 154,003
MINING CLAIMS:		
Echo and McAree Townships, Kenora	\$ 100,000	\$ 100,000
Wark and Prosser Townships, Cochrane	200,000	200,000
Lyon County, Nevada	3,240	3,240
	-----	-----
	\$ 303,240	\$ 303,240
DEVELOPMENT EXPENDITURES DEFERRED:		
Echo and McAree Townships, Kenora	\$ 479,319	\$ 459,599
Wark and Prosser Townships, Cochrane	176,695	176,695
Warren Township, Ohio	413,196	202,637
Mon Oil Joint Venture	720,618	-
General and administrative	827,102	547,407
	-----	-----
	\$2,616,930	\$1,386,338
	-----	-----
	\$2,985,971	\$1,843,581
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Demand bank loan	\$ 350,000	\$ -
Loans payable	340,000	-
Debentures payable	132,000	-
Accounts payable and accrued liabilities	268,287	67,897
	-----	-----
	\$1,090,287	\$ 67,897
CAPITAL STOCK:		
Authorized - 10,000,000 shares, no par value		
Issued - 4,636,363 shares (4,500,000 in 1981)	\$2,715,756	\$2,595,756
DEFICIT	820,072	820,072
	-----	-----
	\$1,895,684	\$1,775,684
	-----	-----
	\$2,985,971	\$1,843,581
	=====	=====

CAMRECO INC.

CONSOLIDATED STATEMENTS OF EXPENDITURES AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 1982
(With comparative figures for the preceding year)
(Unaudited)

	<u>1982</u>	<u>1981</u>
EXPENDITURES INCURRED:		
General exploration	\$ 3,394	\$156,212
General & administrative, including management services, legal & audit	77,063	29,724
	\$ 80,457	\$185,936
Less-		
Oil sales	\$ 10,000	\$ 3,032
Interest earned	-	7,712
Gain on sale of marketable securities (Note)	-	22,850
	\$ 10,000	\$ 33,594
Expenditure, net	\$ 70,457	\$152,342
LESS- EXPENDITURES DEFERRED:		
Echo and McAree Townships, Kenora	\$ 51	\$ 19,554
Warren Township, Ohio	3,343	133,626
General & administrative	67,063	(838)
	\$ 70,457	\$152,342
Expenditures charged to deficit	\$ -	\$ -
DEFICIT, beginning of period	\$820,072	\$820,072
DEFICIT, end of period	\$820,072	\$820,072

NOTE: During the three month period ended March 31, 1982, the Company made no sales of its shares in Canadian Arrow Mines Limited and Broulan Reef Mines Ltd. At March 31, 1982, the Company's marketable securities consisted of:

	Number Of Shares	Cost	Quoted Market Value March 31, 1982
Canadian Arrow Mines Limited	6,500	\$1,625	\$1,950
Broulan Reef Mines Ltd.	1,300	325	936
		\$1,950	\$2,886

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE THREE MONTHS ENDED MARCH 31, 1982
(With comparative figures for the preceding year)
(Unaudited)

	<u>1982</u>	<u>1981</u>
APPLICATION OF FUNDS:		
Expenditures deferred	\$ 70,457	\$ 152,342
Increase (decrease) in working capital	\$ (70,457)	\$(152,342)
WORKING CAPITAL (DEFICIENCY), beginning of period	(954,029)	238,448
WORKING CAPITAL (DEFICIENCY), end of period	\$(1,024,486)	\$ 86,106

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

1200, TWO ROBERT SPEER PARKWAY
MISSISSAUGA, ONTARIO L4Z 1H8
416/ 270-1717

To the Shareholders of

Camreco Inc.:

We have examined the consolidated balance sheets of CAMRECO INC. (an Ontario corporation, formerly Windfall Oils & Mines Limited) AND SUBSIDIARIES as of December 31, 1981 and 1980, and the related consolidated statements of expenditures and deficit and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Camreco Inc. and Subsidiaries as of December 31, 1981 and 1980, and the results of their operations and the changes in their financial position for the years then ended in accordance with generally accepted accounting principles consistently applied during the periods.

April 22, 1982

Arthur Andersen & Co.

CANRECO INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS--RECHINA 31, 1981 AND 1980

	<u>ASSETS</u>		<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
	1981	1980		1981 1980
CURRENT ASSETS:			CURRENT LIABILITIES:	
Cash and term deposits	\$ 2,690	\$ 263,486	Inward bank loan (Note 3)	\$ 350,000 \$ -
Prepaid royalties, at cost (quoted market value of \$3,016 in 1981; \$50,300 in 1980) (Note 2)	1,950	4,750	Convertible promissory note (Note 9)	240,000 -
Miscellaneous receivables	6,831	1,783	Debentures payable (Note 10)	132,000 -
Recoverable under Ontario Mineral Exploration Program (Note 4)	-	59,000	Accounts payable and accrued liabilities	243,520 71,271
	-----	-----		-----
	\$ 11,491	\$ 309,719		\$ 965,520 \$ 71,271
	-----	-----		-----
MINING CLAIMS:			CONTINGENCY (Note 2)	
Echo and McArree Townships, Kenora	\$ 100,000	\$ 100,000		
Wark and Prosser Townships, Cochrane	200,000	200,000	CAPITAL STAGE: (Note 5)	
Lyon County, Nevada	7,240	7,240	Authorized shares	10,000,000 Shares, no par value
	-----	-----	Issued-	
	\$ 307,240	\$ 307,240	4,636,363 Shares (4,500,000 in 1980)	\$2,715,756 \$2,593,756
	-----	-----		-----
DEVELOPMENT EXPENDITURES DEFERRED:			DEFICIT	
Echo and McArree Townships, Kenora	\$ 479,268	\$ 440,045		
Wark and Prosser Townships, Cochrane	176,695	176,695		
Warren Township, Ohio (Note 6)	409,853	69,011		
Non-Oil Joint Venture (Note 6)	760,039	548,245		
General and administrative	-----	-----		
	\$ 2,546,473	\$ 1,233,996		
	-----	-----		
	\$2,861,204	\$1,846,955		
	-----	-----		

Approved on behalf of the Board:

Director
Director

The accompanying notes are an integral part of these consolidated balance sheets.

CAMRECO INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EXPENDITURES AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 1981 AND 1980

	1981	1980
EXPENDITURES INCURRED:		
Exploration	\$1,100,683	\$492,852
General and administrative, including management services, legal and audit	234,816	138,199
Interest expense	44,791	-
	-----	-----
	\$1,380,290	\$630,051
Less-		
Dividends received	\$ -	\$ 1,000
Interest earned	9,414	14,451
Gain on sale of marketable securities (Note 3)	22,850	64,182
Oil sales	35,549	9,568
	-----	-----
	\$ 67,813	\$ 82,739
Expenditures incurred, net	\$1,312,477	\$547,312
	-----	-----
EXPENDITURES DEFERRED:		
Echo and McAree Townships, Xenora	\$ 39,223	\$420,167
Mark and Prosser Townships, Cochrane	-	49
Warren Township, Ohio (Note 6)	340,842	69,011
McGill Joint Venture (Note 6)	720,618	-
General and administrative	211,794	58,011
	-----	-----
	\$1,312,477	\$547,312
Expenditures charged to deficit	\$ -	\$ 74
DEFICIT, beginning of year	820,072	619,698
	-----	-----
DEFICIT, end of year	\$ 820,072	\$620,072
	-----	-----

The accompanying notes are an integral part of these consolidated statements.

CAMRECO INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 1981 AND 1980

	1981	1980
SOURCE OF FUNDS:		
Issue of capital stock (Note 5)	\$ 120,000	\$777,000
	-----	-----
APPLICATION OF FUNDS:		
Expenditures deferred	\$ 1,312,477	\$547,238
Expenditures charged to deficit	-	74
	-----	-----
Total application of funds	\$ 1,312,477	\$547,312
Increase (decrease) in working capital	\$(1,192,477)	\$229,668
WORKING CAPITAL, beginning of year	238,448	8,760
	-----	-----
WORKING CAPITAL (DEFICIENCY), end of year	\$ (954,029)	\$238,448
	-----	-----

CAMRECO INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1981 AND 1980

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Camreco Inc. (the Company) and its wholly-owned subsidiaries Nevada Windfall Inc., Winhio Resources Inc. (incorporated in 1981) and Camreco Colorado Inc. (incorporated in 1981).

(b) Deferred Expenditures

The cost of purchasing mining properties is deferred on the consolidated balance sheet as Mining Claims; the costs of exploration, development and maintenance of each of these properties and the development expenditures of the Company's oil and gas ventures (Note 6) are deferred as Development Expenditures. Deferred, together with administrative expenses of the Company not specifically allocable to claims. These expenditures are deferred until the commercial productivity of the claims has been determined.

2. CONTINGENCY

The recovery of the carrying value of mining claims and development expenditures deferred is dependent upon the success of future exploratory and development operations.

3. MARKETABLE SECURITIES

During 1981, the Company sold 500 shares of Canadian Arrow Mines Limited and 8,700 shares of Broulan Reef Mines Ltd. at a profit of \$22,850.

At December 31, the Company's marketable securities consisted of:

	Number of Shares		Cost	
	1981	1980	1981	1980
Canadian Arrow Mines Limited	6,500	7,000	\$1,625	\$1,750
Broulan Reef Mines Ltd.	1,300	10,000	325	2,500
			<u>\$1,950</u>	<u>\$4,250</u>
			-----	-----

4. ONTARIO MINERAL EXPLORATION PROGRAM

The Company's development of its Echo and McAree Township properties has been designated pursuant to the Ontario Mineral Exploration Program. Under the terms of this designation, the Company is entitled to a cash grant of twenty-five percent of eligible expenditures incurred prior to December 31, 1980. The estimated grant available of approximately \$59,000 has been netted against general exploration expense in the accompanying Consolidated Statements of Expenditures and Deficit.

5. CAPITAL STOCK

During 1981, the Company issued, by a private placement, treasury shares as shown below.

	Number of Shares	Consideration
Share capital, December 31, 1980	4,500,000	\$2,595,756
Private placement, November	136,363	120,000

Share capital, December 31, 1981	4,636,363	<u>\$2,715,756</u>
	-----	-----

In 1982, the Company intends to increase the authorized capital to 50,000,000 shares.

6. OIL AND GAS VENTURES

(a) Warren Township, Ohio, U.S.A.

The Company has agreements for working interests in oil and gas wells in Warren Township, Ohio. The working interests are as follows:

- 4 wells at 25I
- 3 wells at 40I
- 2 wells at 50I

Gas line connections were made in November of 1981, and all 9 wells are producing oil and gas.

Current year expenditures related to the 9 wells were \$340,842 and are included in Development Expenditures Deferred. Total revenues generated from oil and gas sales were \$35,549.

(b) Non-Oil Joint Venture

During 1981, the Company, through its wholly-owned subsidiary Casreco Colorado Inc., entered into a joint venture agreement with Non-Oil Limited of Calgary, Alberta. The Company has an undivided working interest which will entitle it to twenty-seven percent of all production revenue derived from this joint venture.

Pursuant to the joint venture agreement, the State No. 1 well was drilled at Cole Creek, Wyoming, during August, 1981. Expenditures related to the venture in 1981 were \$720,618 and are included in Development Expenditures Deferred. The schedule of payments to this joint venture required a final \$400,000 (U.S.) payment in 1982 which has subsequently been paid. The well commenced commercial production in 1982.

7. OPTION ON LAND

During 1967, an exploration option on ground in Prosser Township was entered into which, if fully exercised, would require payments totalling \$20,000 and, under certain conditions, the issue to the optioners of a total of 300,000 shares. To date, \$2,000 has been paid, of which \$1,600 is now held in escrow pending deposit of good title to the ground by the optioners. To date, no change in these circumstances has occurred.

8. DEMAND BANK LOAN

The demand bank loan of \$350,000 at December 31, 1981 bears interest at prime plus 1% and the bank holds an assignment of the Company's assets as collateral for the loan.

9. CONVERTIBLE PROMISSORY NOTE

In 1981, the Company borrowed \$240,000 by way of a promissory note bearing interest at 20% due in 1982, with a conversion privilege to shares. On April 15, 1982, the Company repaid this promissory note, together with accrued interest.

10. DEBENTURES PAYABLE

In 1981, the Company issued two debentures for \$66,000 each, due October 1, 1982. These debentures bear interest at 22% per annum payable on March 1 and October 1, 1982.

The Company has obtained the right to convert these debentures plus accrued interest into 311,936 shares, subject to shareholders' approval.

11. DIRECTORS' AND OFFICERS' REMUNERATION

Directors and senior officers received no remuneration in 1981 and 1980.

Subject to shareholders' approval, the Company intends to grant options on a total of 450,000 shares to its directors and senior officers. These options, which expire on November 13, 1986, are exercisable at a price of \$0.93 per share.

12. SUBSEQUENT EVENT

By agreement made as of March 15, 1982, the Company agreed and acknowledged that on or before June 15, 1982, an aggregate of 22,727,272 shares would be issued by way of private placements. As a result of the transactions provided for and acknowledged in the agreement, a Canadian investor will acquire 14,772,727 shares and two Canadian trust companies will acquire the balance.

As a result of the above, the Company will receive in the aggregate \$3,000,000 cash and \$7,000,000 in income producing real property and securities.

To date, \$1,100,000 has been received, for which 2,500,000 fully paid and non-assessable treasury shares have been issued.

19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	NIL
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material changes other than disclosed in this Filing Statement. No shares of the Company are in the course of primary distribution to the public.

CERTIFICATE OF THE COMPANY

DATED June 2nd, 1982

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters specified to in here before and in respect of the company's affairs and there is no further material information applicable. (To be signed by each principal signing officer who are directors and the corporate seal to be affixed.)

" PETER A. BRODTHURST "

Per:

[Signature]
FANBERG INC.

CORPORATE SEAL

" JOHN J. BALL "

Per:

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in here in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

Letter dated May 21, 1982
from Wexler to Ernst & Whinney
re CCB

GREYMAC

GREYMAC MORTGAGE CORPORATION
100 King Street West, Suite 1100, Toronto, Ontario, Canada M5X 1C5
Tel. (416) 593-1100

DELIVERED

May 21, 1982

Mr. Peter E. McQuillan
Managing Partner
Ernst & Whinney
Chartered Accountants
2200 Commerce Court West
Toronto, Ontario M5L 1C6

Dear Mr. McQuillan:

We refer to your letter of May 17, 1982, addressed to Bernard Morris, which we had anticipated would indicate to us the approval in principle by your firm to equity accounting of the shares of Canadian Commercial Bank owned by us. In our opinion, such letters do not so indicate.

U

In the circumstances, it is essential for us to receive from you a letter couched in the following terminology:

1. An acknowledgement by your firm that Greymac Mortgage Corporation is the registered owner of 10% of the issued and outstanding common shares in the capital of Canadian Commercial Bank;
2. That a mutual fund is to be formed and owned as a "wholly-owned subsidiary" of Greymac Mortgage Corporation;
3. The mutual fund, immediately following its formation, will purchase from Greymac Mortgage Corporation the shares of Canadian Commercial Bank owned by Greymac Mortgage Corporation;
4. The audited financial statements of Greymac Mortgage Corporation to be prepared by Ernst & Whinney will be so prepared as to take into the net profit of the mutual fund 10% of the net profit of the Canadian Commercial Bank as at its year-end, i.e. equivalent to the same degree of ownership by the mutual fund of all the issued and outstanding shares of Canadian Commercial Bank.

Ernst & Whinney
1/15/82

Example: Assume the net profit of Canadian Commercial Bank at its forthcoming year-end, i.e. October 31, 1982, amounts to \$20,000,000. Therefore, \$2,000,000 would be included in the bottom line net profit of the mutual fund which would then in turn on a consolidated basis be included in the net profit of Greymac Mortgage Corporation.

It is essential that your written opinion to us be drafted in the same terminology as set out herein in order to permit us to make an immediate decision. We, accordingly, look forward to your written reply to be received by us not later than noon on Tuesday next, May 25, 1982.

Yours very truly,

GREYMAC MORTGAGE CORPORATION

Per: Lyon Wexler, Q.C.
Executive Vice-President

Letter dated January 7, 1983
from Prousky to S. Stewart

THE LAW OFFICES OF
PROUSKY & BIBACK

BARRISTERS & SOLICITORS

2 TORONTO STREET, 4th FLOOR
TORONTO, ONTARIO
M5C 2B6
TELEPHONE (416) 863-1300

January 7th, 1983

Crown Trust Company,
First Canadian Place,
38th Floor,
Toronto, Ont.

Attention: Mr. Stan Stewart

Dear Stan:

I enclose herewith photocopy of Agreement of Purchase and Sale re Brentwood Towers.

I also enclose photocopy of Information Package setting out income statement together with rent rolls.

Furthermore, I enclose a further copy of a commission agreement.

In accordance with Leonard's instructions, the offer was negotiated and accepted.

He has advised that it appears Mr. Player will be the party who will be the ultimate purchaser or one of Mr. Player's appointees.

However, in the interim, since Crown Trust may be called upon to provide some financing, Leonard has suggested that the appropriate appraisals be commenced immediately in order to obtain same. The amount of money will be the \$18,920,000.00 plus a further \$3,000,000.00 as indicated within the said package.

In the event Mr. Player does not close this transaction, Leonard has suggested one of the Crown subs purchase this property in the interim.

.....2

PROUSKY & BIBACK

- 2 -

Since the closing is scheduled for January 31st, 1983, I would appreciate your prompt attention to this matter and also, I trust you will speak to Leonard regarding same.

Yours very truly,

PROUSKY & BIBACK
Per:



Victor Prousky, Q.C.

VP/mw

Memorandum dated May 19,
1982 from W. Vasiliou to
Rosenberg re Greymac
companies

M E M O

TO: L. ROSENBERG ✓

DATE: MAY 19, 1982

FROM: WM. VASILIOU

I am taking this opportunity to respond to problems being created from what is a never endless stream of memos being generated by Mr. Wexler and yourself.

For several weeks I have been tied down responding to Mr. Wexler's memos and requests to provide him with information and re-supply him with data previously given to him. When Mr. Wexler's memos began to slow down on May 10th, 1982 your memos picked up the slack.

As you are aware, there are only two members of the accounting department that have been here longer than 6 months, everyone else has been here less than 6 weeks, and have not had an opportunity to familiarize themselves with the operation. Any errors, mispostings or other discrepancies are attributable to their newness, however, by keeping me occupied responding to fires and by requesting revisions upon revisions of past statements, I have been unable to perform my duties satisfactorily.

Problems created as a result:

- (a) I am unable to train and direct staff members.
- (b) The unending stream of memos requests and demands placed upon myself and the department has created some apprehension among staff members.
- (c) I have been unable to complete the structuring of the department.
- (d) I have been unable to satisfactorily respond to the Department of INS. re the filing of the G.M.C. INS. 32 Appendix.

- (e) I have been unable to attend the G.E.A.C. training session being held this week on G.F.S. and as such I have been unable to develop an appropriate branch general ledger for the new software.
- (f) I have been unable to clear the current branch general ledger problems.
- (g) I have been unable to sit down and review the affiliates and the processing of the statements.
- (h) I have not been given an opportunity to complete our securities procedures or implement a proper cash flow statement or develop the securities ticket, as requested by the Dept. of Insurance. There are numerous other areas being neglected in an effort to respond to demands to meet deadlines.

In reviewing the situation, it is felt that Senior Management must also bear responsibility for poor performance and accounting errors. Often, transactions are poorly undertaken with no consideration for information flow on timeliness of such flow, and often there is no communication at all.

Example of this includes:

- (a) the sale of McCowan Road. The general ledgers 5 months after the facts are still in disarray;
- (b) the letter of credits held by the Royal Bank. No documentation or information was made available to accounting.
- (c) the year-end meetings and subsequent meetings with Clarkson & Gordon. I attended one meeting and like the mushroom am in the dark about your discussions with them in the other meetings.
- (d) to date I have not even received the year-end adjustment for G.C.C.

More recently I discovered an extension requested by Mr. L. Wexler on the May 15/82 deadline set by the Bank of Nova Scotia for G.T.C. to be off their system. The sale of 55 Park Street for promissory notes yielding 0%, 5%, 7% & 12% was done with no consideration given or discussions held as to its effect on G.R.I. with its trust position in the property and the "Provincial Departments" reponse to it.

Due to the rapid expanse of the organization, I cannot be made as a Scapegoat for Management deficiencies or past structural failings and therefore I respectfully request some breathing room to properly discharge the duties of Controller.

Respectfully
W. W. Charles

WV:cn

cc: C. James
L. Wexler

Letter dated January 15,
1983 from Traub to Outerbridge
re solicitor -- client privilege issue

GORDON, TRAUB, ROTENBERG & MAY
BARRISTERS & SOLICITORS

NORMAN MAY, O.C.*
J. BARRY ROTENBERG
ROBERT D. SHEAFFER
LEOR MARGULIES
MARK F. FREEDMAN

WALTER M. TRAUB
DANIEL GORDON
STEVEN I. PEARLSTEIN
IRWIN GREENBLATT

FIFTH FLOOR
390 BAY STREET
TORONTO, CANADA
M5H 2Y2

TELEPHONE (416) 862-9155

TELEX No. 06-219676

* ALSO OF THE QUEBEC BAR

COUNSEL - WILFERD GORDON, O.C.

January 15, 1983

Mr. Ian Outerbridge
Messrs. Outerbridge
Barristers & Solicitors
390 Bay Street, Suite 3000
Toronto, Ontario

Dear Sir:

Re: Morrison Commission Enquiry

This will confirm our telephone communication of January 14, 1983, together with Mr. Ronald Moldaver, acting as counsel on my behalf, in regard to the following.

I advised you that I had been requested to appear before the Morrison Commission on Monday January 17, 1983 with regard to my involvement in the purchase transaction from Cadillac Fairview Corporation.

I confirm your instructions as counsel for my client, Greymac Credit Corporation to the effect that if I wish I may appear before the Commission, but I cannot answer any enquiries due to the fact that all information is privileged. Accordingly, I have advised Messrs. Fraser, Beatty in that regard and I enclose herein copy of my correspondence addressed to the said solicitors.

Yours very truly,

GORDON, TRAUB, ROTENBERG
& MAY

Walter M. Traub

WMT:zc
Encl.

cc - Mr. Ronald Moldaver
Mr. Ronald Goldenberg

Decision of Divisional Court
released March 30, 1983 re
issue of solicitor -- client
privilege

IN THE SUPREME COURT OF ONTARIO

DIVISIONAL COURT

SOUTHEY, KREVER and CRAIG JJ.

IN THE MATTER OF the Public Inquiries Act, R.S.O. 1980, Chapter 411;)	
	)	<u>I.V.B. Nordheimer</u>
AND IN THE MATTER OF a Commission appointed pursuant to section 152 of the Loan and Trust Corporations Act, R.S.O. 1980, Chapter 249 to conduct a special examination and audit and to inquire generally into the conduct of the business of Seaway Trust Company, Seaway Mortgage Corporation, Greymac Trust Company, Greymac Mortgage Corporation and Crown Trust Company.	)	<u>for the Morrison Commission</u>
)	
	)	<u>Ronald Carr</u>
	)	<u>for Greymac Credit Corporation, Greymac Trust Company, and Crown Trust Company, clients</u>
)	
	)	<u>J.J. Carthy, Q.C.</u>
	)	<u>for Victor Prousky, a solicitor</u>
)	
	)	<u>R.B. Moldaver, Q.C.</u>
IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1980, c. 466	)	<u>for Gordon, Traub and Rotenberg, solicitors</u>
)	
BETWEEN:	)	<u>B.P. Bellmore, Q.C. and D.C. Moore</u>
	)	<u>for Ontario Securities Commission and Coopers & Lybrand Limited, receiver and manager of Greymac Credit Corporation</u>
ONTARIO SECURITIES COMMISSION)	
)	
Applicant)	
- and -)	
)	
GREYMAC CREDIT CORPORATION)	
)	
Respondent)	
)	
IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1980, c. 466)	
)	
AND IN THE MATTER OF GREYMAC TRUST COMPANY, GREYMAC CREDIT CORPORATION AND CROWN TRUST COMPANY)	
)	
BETWEEN:)	
)	
ONTARIO SECURITIES COMMISSION)	
)	
Applicant)	
- and -)	
)	
VICTOR PROUSKY)	
)	
Respondent	)	<u>Heard: March 17 and 18, 1983</u>

SOUTHEY J.:

These 3 matters, a stated case and appeals from two orders of O'Brien J., dated February 21, 1983, all involve questions as to the extent of the solicitor and client privilege, and the right of a person appointed to manage the affairs of a corporate client to waive that privilege. I shall deal first with the stated case, because the issues of law are raised clearly in it, without the procedural complexities which exist in the two appeals and may affect their outcome.

THE STATED CASE

The stated case was stated to this Court by James A. Morrison (the "Morrison Commission"), who was appointed by the Minister of Consumer and Commercial Relations on November 23, 1982, under s. 152 of the Loan and Trust Corporations Act, R.S.O. 1980, c. 249, to make a special examination and audit of the books, accounts and securities of Seaway Trust Company, Seaway Mortgage Corporation, Greymac Trust Company, Greymac Mortgage Corporation and Crown Trust Company, and to inquire generally into the conduct of the business of those corporations. Under s. 152(4) of the Loan and Trust Corporations Act, the Morrison Commission has the power to summon witnesses and take evidence under oath, and generally has the powers of a commission under Part II of the Public Inquiries Act, R.S.O. 1980, c. 411. Part II applies to the inquiry of the Commission,

and authorizes it in s. 8 to state a case to the Divisional Court as follows:

"8. Where any person without lawful excuse,

- (b) being in attendance as a witness at an inquiry, refuses to take an oath or to make an affirmation legally required by the commission to be taken or made, or to produce any document or thing in his power or control legally required by the commission to be produced to it, or to answer any question to which the commission may legally require an answer;

the commission may state a case to the Divisional Court setting out the facts ..."

The stated case stated by the Morrison Commission on February 17, 1983, after its introductory paragraphs, reads as follows:

"As part of the special examination being conducted by me, I have examined various individuals as witnesses under oath. On January 17th, 1983 I attempted to examine Walter M. Traub with respect to matters within the scope of my special examination. Mr. Traub is a solicitor and had acted for Greymac Credit Corporation, Greymac Trust Company and Crown Trust Company at times material to the matters which are the subject of the special examination. Mr. Traub refused to answer a great number of salient questions on the ground that he could not answer such questions without being in breach of the privilege between solicitor and client.

On February 16, 1983 I attempted to examine Victor Prousky, Q.C., on similar matters. Mr. Prousky had also acted for the aforesaid three companies at material times. The nature of the questions asked of Mr. Prousky were similar in kind to those asked of Mr. Traub. Mr. Prousky also objected to answer

numerous salient questions on the same ground that Mr. Traub had refused, that is, that to do so would be a breach of solicitor/client privilege.

It was my view that the questions asked of Mr. Traub and Mr. Prousky were proper questions necessary to my special examination and I directed them to answer. Both Mr. Traub and Mr. Prousky refused. Pursuant to section 8 of the Public Inquiries Act of Ontario I am therefore stating this case to the Divisional Court to determine whether Mr. Traub and Mr. Prousky should be compelled to answer such questions and in particular to determine:

1. Was I right in ruling that answers to the questions asked did not involve any breach of solicitor/client privilege in the circumstances of this special examination?
2. Was I right in ruling that, even if the answers to the questions asked would have involved a breach of solicitor/client privilege, there can be no such breach now since the privilege has been waived by the person now in charge, possession and control of the clients involved namely, the Registrar under the Loan and Trust Corporations Act of Ontario?
3. Was I right in ruling that the President of a company is not prohibited by solicitor/client privilege from answering questions as to the ownership of that company merely because the President also happens to be a solicitor?
4. Was I right in ruling that solicitor/client privilege does not extend to prohibit a solicitor from answering questions as to the movement of funds into and out of his trust account?"

Question 2

I shall deal first with Question 2, which involves important questions relating to the waiver of the solicitor and client privilege.

The Registrar under the Loan and Trust Corporations Act, to whom reference is made in Question 2, was ordered to take possession and control of the assets of Greymac Trust Company and Crown Trust Company by Orders in Council passed on January 7, 1983, under s. 158a(1)(b) of the Loan and Trust Corporations Act, as amended by S.O. 1982, c. 62. The powers of the Registrar resulting from those Orders in Council are derived from s. 159 of the Act, as amended in 1982, which provides, in part, as follows:

"159.-(1) If so ordered by the Lieutenant Governor in Council under section 158 or 158a, the Registrar shall take possession and control of the assets of a provincial corporation and shall thereafter conduct its business and take such steps as in his opinion should be taken toward its rehabilitation or where an order is made under paragraph 1 of section 158a, its continued operation,

and for such purposes the Registrar has all the powers of the board of directors of the corporation, and, without limiting the generality of the foregoing, the Registrar may,

- (a) exclude the directors, officers, servants and agents of the corporation from the premises, property and business of the corporation; and
- (b) carry on, manage and conduct the operations of the corporation and in the name of the corporation preserve, maintain, realize, dispose of and add to the property of the corporation, receive the incomes and revenues of the corporation and exercise the powers of the corporation."

The Registrar has informed the Morrison Commission that he is willing to waive the client's privilege of Greymac Trust Company and Crown Trust Company in respect of the questions put by the Morrison Commission to the former solicitors for those corporations, Gordon, Traub & Rotenberg and Victor Prousky.

The nature and importance of the solicitor and client privilege were recently considered at some length by the Supreme Court of Canada in Descoteaux et al v. Mierzwinski, et al (June 23, 1982) 44 N.R. 462. Lamer J., delivering the judgment of the Court, quoted early in his reasons (at p. 516) from a prior decision of the Court in Solosky v. R., [1980] 1 S.C.R. 821, in which Dickson J. had said:

"the right to communicate in confidence with one's legal adviser is a fundamental civil and legal right, founded upon the unique relationship of solicitor and client,"

He also quoted with approval at p. 526 the following passage from the judgment of Laycraft J.A. in R. v. Littlechild (1979), 51 C.C.C. (2d) 406, emphasizing the importance of the privilege.

"The privilege protecting from disclosure communications between solicitor and client is a fundamental right - as fundamental as the right to counsel itself since the right can exist only imperfectly without the privilege. The courts should be astute to protect both. As long ago as Pearson v. Foster (1885), 15 Q.B.D. 114, Brett, M.R., warned the free and confident communication within the solicitor-client relationship is so vital a part of the right to counsel that the privilege ought not to be 'frittered away'. At pp. 119-20 he said:

The privilege with regard to confidential communications between solicitor and client for professional purposes ought to be preserved, and not frittered away. The reason of the privilege is that there may be that free and confident communication between solicitor and client which lies at the foundation of the use and service of the solicitor to the client ..."

As to the scope of the privilege, Lamer J. at p. 518 referred to Wigmore:

"The following statement by Wigmore (8 Wigmore, Evidence, para. 2292 (McNaughton rev. 1961) of the rule of evidence is a good summary, in my view, of the substantive conditions precedent to the existence of the right of the lawyer's client to confidentiality:

Where legal advice of any kind is sought from a professional legal adviser in his capacity as such, the communications relating to the purpose, made in confidence by the client, are at his instance permanently protected from disclosure by himself or by the legal adviser, except the protection to be waived."

The Supreme Court of Canada approved the decisions of lower courts that the privilege is not simply a rule of evidence which prevents the disclosure of confidential communications in evidence at trial, but that the privilege comes into existence at the time when the communications are made. Thus, the privilege protects documents in the hands of a solicitor from seizure under a search warrant issued under the Criminal Code (Re Borden & Elliott and The Queen (1975), 30 C.C.C. (2d) 337 - Ont. H.C.J.), or from examination by the Director of Investigation in an inquiry under the Combines Investigation Act (Re Director of Investigation and Research and Shell Canada Ltd. (1975), 22 C.C.C. (2d) 70 (Federal Ct. of Appeal)).

The privilege applies to items of information that a lawyer requires from a person in order to decide if he will

agree to advise or represent him, and remains even if the lawyer does not agree to advise or act. It applies not only to information given before the retainer is perfected concerning the legal problem itself, but also to information concerning the client's ability to pay the lawyer and any other information which a lawyer is reasonably entitled to require before accepting the retainer (Descoteaux v. Mierzwinski at p. 522).

As is pointed out by Lamer J. at p. 518, communications made to a lawyer in order to facilitate the commission of a crime or fraud will not be privileged, whether or not the lawyer is acting in good faith. This exception to the rule of confidentiality has no application to the cases at bar, because no allegations have been made against any of the clients in these cases that their communications with Gordon, Traub & Rotenberg or Victor Prousky were in furtherance of a crime or fraud.

The Public Inquiries Act itself clearly stipulates that a commission may not compel a witness to give evidence that is privileged. Section 11 of the Act reads as follows:

"11. Nothing is admissible in evidence at an inquiry that would be inadmissible in a court by reason of any privilege under the law of evidence."

The issue raised in Question 2 in the stated case is whether the solicitor and client privilege, which has been recognized by the courts as being of such fundamental importance

to our legal system, can be waived by the Registrar under the Loan and Trust Corporations Act on behalf of Greymac Trust and Crown Trust, in order to assist the Morrison Commission in its inquiry into the conduct of the business of Seaway Trust Company, Seaway Mortgage Company, Greymac Trust Company, Greymac Mortgage Corporation and Crown Trust Company.

Counsel for the Commission, in urging that the answer to Question 2 should be in the affirmative, relied on the decision of McDermott J. in Re Cirone, Sabato and Priori (1965), 8 C.B.R. (N.S.) 237, that a trustee of a bankrupt client steps into the shoes of the bankrupt and may waive the solicitor and client privilege to obtain confidential information from the bankrupt's solicitor. McDermott J. relied on the following passage in 2 Halsbury (Third Ed.) 408:

"The solicitor of a person who afterwards becomes bankrupt cannot set up as against the trustee in the bankruptcy any privilege which is the client's;"

The decision in Re Cirone, et al was followed by MacDonald J. in the Alberta Queen's Bench (In Bankruptcy) in Re Abacus Cities Ltd. (1981), 40 C.B.R. (N.S.) 172.

The decision in Re Cirone, et al is not determinative of the issue raised in Question 2, in my judgment, because of the differences between the purposes for which a trustee in bankruptcy is appointed, and the purposes, as stated in s. 159 of the Loan and Trust Corporations Act, supra, for which the

Registrar was ordered to take possession and control of the assets of Greymac Trust and Crown Trust. The object of a bankruptcy, as was pointed out by the late R.W.S. Johnson, Q.C. in his lecture on Receivers in Special Lectures of the Law Society of Upper Canada, 1961, 101 at p. 108, is to liquidate the assets of the bankrupt and distribute them amongst the creditors. The purposes for which the Registrar was ordered to take possession and control of the assets of Greymac Trust and Crown Trust were to conduct the businesses of those corporations and take such steps as in his opinion should be taken towards their rehabilitation or continued operation. Section 159 of the Loan and Trust Corporations Act expressly provides that the Registrar has his powers "for such purposes". The result of the Orders in Council is that the Registrar has all the powers of the boards of directors of Greymac Trust and Crown Trust, which would include the power to waive a solicitor and client privilege of either of those corporations, but those powers are expressly conferred for the purposes for which the Registrar was ordered to take control. It is no part of those purposes, in my judgment, to render assistance to the Morrison Commission in its inquiry into the affairs of Greymac Trust and Crown Trust and other corporations. That being so, the Registrar, in my judgment, has no right to waive the solicitor and client privilege of Greymac Trust or Crown Trust so that their solicitors or former solicitors may be free to disclose confidential information to the Commission.

This conclusion is consistent with the clear implication of the decision of Osler J. in Re Presswood et al and International Chemalloy Corp. (1975), 11 O.R. (2d) 164 that the Clarkson Company Limited, which had been appointed receiver of Chemalloy in other proceedings (the nature of which is not disclosed in his decision), was the only person qualified to claim the privilege, and was prepared to waive it, could not waive the privilege of Chemalloy in order to make privileged material available to an inspector appointed under s. 186(1) of the Business Corporations Act, R.S.O. 1970, c. 53. Section 186(3) of the Act required every director, officer, agent, employee, etc. of the corporation, and every other person to produce for the examination of the inspector all accounts and records of or relating to the affairs of the corporation in their custody or control. It was submitted that the receiver could waive the privilege, but Osler J. refused to permit a general inspection by the inspector (who was also the Clarkson Company) because the inspector had been appointed at the instance of one Delzotto (presumably a shareholder of Chemalloy outside the control group), and was under a duty to report to Delzotto, as well as the Court. Osler J. said there might be a conflict of interest in such a situation, and that this pointed up the necessity of insuring that whatever proper privilege existed should be claimed and exercised in the interest of the client corporation. He did not decide as to what documents, or classes

of documents, the privileged related, but directed that the bundle of documents seized from a director of Chemalloy, who was also its solicitor, should be opened in the presence of the solicitor, or his solicitor, who would have the right to claim privilege for any particular letter. Such direction would obviously have been unnecessary, if Osler J. had thought that the receiver had the power to waive the privilege.

The answer to Question 2 is "NO".

Question 4 - "Was I right in ruling that solicitor/client privilege does not extend to prohibit a solicitor from answering questions as to the movement of funds into and out of his trust account?"

The other questions in the stated case relate to matters involving clients, about which, it is submitted by counsel for the Commission, a solicitor may be compelled to testify without any waiver by the client of the solicitor and client privilege. It is convenient to deal first with Question 4 quoted above.

The only case directly in point that was cited to us was the decision of Clyne J. in the Federal Court of Bankruptcy in Australia in Re Furney, a debtor, [1964] A.L.R. 814. There a solicitor for a bankrupt, when summoned by the Registrar in Bankruptcy to attend and give evidence relating to monies received from the debtor, or held in trust for the debtor, or paid from his trust account to the debtor, refused

to answer on the grounds of solicitor and client privilege. He also refused to produce documents relating to such payments. In very short reasons, Clyne J. ruled that the solicitor was obliged to answer the questions, and should produce any relevant documents, because the privilege was intended to protect communications, whereas the questions related to "questions of objective fact".

In my judgment, if I may say so with respect, the Furney case was rightly decided. Evidence as to whether a solicitor holds or has paid or received moneys on behalf of a client is evidence of an act or transaction, whereas the privilege applies only to communications. Oral evidence regarding such matters, and the solicitor's books of account and other records pertaining thereto (with advice and communications from the client relating to advice expunged) are not privileged, and the solicitor may be compelled to answer the questions and produce the material.

It may be helpful to ask in such a case whether the client himself, if he were the witness, could refuse on the ground of the solicitor and client privilege to disclose particulars of a transaction directed by him through his solicitor's trust account. The fact that a client has paid to, received from, or left with his solicitor a sum of money involved in a transaction is not a matter as to which the

client himself could claim the privilege, because it is not a communication at all. It is an act. The solicitor and client privilege does not enable a client to retain anonymity in transactions in which the identity of the participants has become relevant in properly constituted proceedings.

The answer to Question 4 is "YES". In answering questions as to the movement of funds into and out of his trust account, the solicitor must give the source and recipient of payments, and produce for inspection his books and records relating thereto.

Question 1 - "1. Was I right in ruling that answers to the questions asked did not involve any breach of solicitor/client privilege in the circumstances of this special examination?"

This question is too general. A stated case should be specific as to the questions sought to be put. It must at least specify the type of question as to which the direction of the Court is sought.

Mr. Nordheimer stated at the beginning of his argument that the questions in issue fall into 3 categories.

1. Whether disclosure by the solicitor of the name of his client is protected by the solicitor and client privilege.

2. Whether particulars of receipts and disbursements of funds through a solicitor's trust account are the subject of the solicitor and client privilege.
3. Whether an individual who is the president of a company, but who also is a solicitor, can refuse to answer questions about the company on the ground that his knowledge is protected by the solicitor and client privilege.

The only one of those 3 categories that is not covered by questions in the stated case which I have answered, or shall answer shortly, is the first question, as to disclosure of the name of the client. I shall deal with that question next.

The general rule is that whenever a solicitor asserts that a communication is protected by the solicitor and client privilege, he cannot refuse to identify the client on whose behalf the privilege is asserted, because the identity of his client is not the subject of a professional confidence. See Bursill v. Tanner (1885), 16 Q.B.D. 1, per Lord Esher at p. 4.

As I have earlier said in connection with Question 4, a solicitor cannot withhold as privileged the name of a client on whose behalf he receives, pays, or holds money, if the identity of the person paying, receiving, or holding such money becomes relevant in legal proceedings. The same rule applies, in my

judgment, whenever a solicitor does any act on behalf of a client, and it becomes relevant in legal proceedings to determine on whose behalf the act was done. The doing of an act does not fall within the ambit of the privilege, because it is not a communication at all.

I am not prepared to go so far as to say that circumstances can never arise in which a solicitor being examined in legal proceedings would be justified in refusing to disclosing the name of a client, or former client. It suffices to say that none of the questions before the Commission that were the subject of argument before us arose out of circumstances which would justify the withholding by the solicitor or former solicitor of the names of his clients.

Question 3 - "3. Was I right in ruling that the President of a company is not prohibited by solicitor/client privilege from answering questions as to the ownership of that company merely because the President also happens to be a solicitor?"

The law relating to this question is stated as follows by Morrison C.J.S.C. (B.C.) in Canary v. Vested Estates Limited, [1930] 1 W.W.R. 996, 998:

"The fact that a person is by profession a solicitor and is intrusted with and performs duties which can be, and usually are, performed by an official, servant or agent of a company does not render him immune from examination on discovery if he performs those duties. In this particular transaction I am inclined to believe that the defendant company is advised to take refuge behind one who in reality was an agent or servant engaged for this particular negotiation along with his associate Austin.

He was not clothed for this particular transaction with the professional duties of a solicitor by the defendants. Mr. Brougham (the solicitor), as agent or servant or agent ad hoc of the defendants being in possession of knowledge which is relevant to the issues herein and which is necessary for the proper and final determination of the matters in dispute, I think he must submit to be examined as applied for.

The character of the particular work performed and in respect of which examination is sought, is to be looked at."

In Re Presswood and International Chemalloy Corp., supra, Osler J. referred to Canary v. Vested Estates Limited as "authority, if one is needed, for the proposition that not every communication or transaction between persons, one of whom happens to be the solicitor of the other, is privileged". He also quoted the following passage from the judgment of Lord Denning, M.R., in Alfred Crompton Amusement Machines Ltd. v. Com'rs of Customs & Excise (No. 2), [1972] 2 All E.R. 353; affirmed [1973] 2 All E.R. 1169, at p. 376-7 of the earlier report:

"It does sometimes happen that such a legal adviser does work for his employer in another capacity, perhaps of an executive nature. Their communications in that capacity would not be the subject of legal professional privilege. So the legal adviser must be scrupulous to make the distinction. Being a servant or agent too, he may be under more pressure from his client. So he must be careful to resist it. He must be as independent in the doing of right as any other legal adviser. It is true, as the Law Reform Committee said in their report in 1967 that the 'system is susceptible to abuse', but I have never known it abused. So much so that I do not think the law should be changed in the way that the judge would have it. There is a safeguard against abuse. It is ready to hand. If there is any doubt as to the propriety or validity of

a claim for privilege, the master or the judge should without hesitation inspect the documents himself so as to see if the claim is well-founded, or not."

It follows from these authorities that the president of a company, who is also a solicitor, cannot assert the solicitor and client privilege in respect of information acquired by him in the performance of duties that can be, and usually are, performed by an employee or agent of the company who is not a solicitor.

One must next ask whether knowledge as to "ownership" of the company would ordinarily be acquired by a president who was not a solicitor? It is obvious that such a president would have, or could acquire, the names of the registered shareholders of the company, and no president, in my judgment, can lawfully refuse to disclose such information on the ground that it is privileged.

It appears from the transcript of the examination of Victor Prousky by the Morrison Commission that the Commission was asking for information as to the beneficial ownership of shares of the companies involved. The beneficial owners may not be the registered owners of the shares, and the president may or may not know the identity of the beneficial owners. If the president is a solicitor, information as to the identity of the beneficial owners may have come to him in his capacity as a solicitor. If so, it would be privileged, unless the

shares were held for the client in the name of the solicitor, or a partner, employee or agent of the solicitor. In that case, holding the shares for the client, but in the name of the solicitor or his partner, employee or agent, would be like holding money for a client in the solicitor's trust account. As with money in his trust account, the solicitor must give particulars of the beneficial ownership of shares held by him for clients, when such particulars are relevant in any duly constituted legal proceedings. Such particulars relate to acts or transactions, not to communications.

Applying the test suggested above in connection with Question ³/₄, the client, if giving evidence himself, would be obliged to disclose that his solicitor was holding shares for him. Particulars of such holdings are, therefore, not privileged.

To sum up, the answer to Question ³/₄ is "YES" in respect of the names of registered owners of shares, but not necessarily as to the names of persons beneficially entitled, who are not the registered owners of shares, unless the shares are registered in the name of the solicitor, or in the name of a partner, employee or agent of the solicitor.

An order will go declaring that the answers to the questions in the stated case are as stated in the foregoing reasons. There will be no costs of the stated case.

THE APPEALS FROM THE TWO ORDERS OF O'BRIEN J. OF FEBRUARY 21, 1983 (ONTARIO SECURITIES COMMISSION V. GREYMAC CREDIT AND ONTARIO SECURITIES COMMISSION V. VICTOR PROUSKY)

The reasons for judgment of O'Brien J. released on February 21, 1983, disposed of two motions by the Ontario Securities Commission ("OSC") which were heard together and which involved the assertion of a solicitor and client privilege in respect of Greymac Credit Corporation by the same solicitors who raised such privilege on behalf of Greymac Trust and Crown Trust before the Morrison Commission.

The first motion (OSC v. Greymac Credit) related to the refusal of those solicitors, Gordon, Traub and Rotenberg and Victor Prousky, as former solicitors for Greymac Credit, to deliver the property of their former client to Coopers & Lybrand Limited, which had been appointed receiver and manager of Greymac Credit by order of the Court under s. 17(2) of the Securities Act, and to answer questions put by the receiver and manager relating to the affairs of their former client.

The second motion (OSC v. Victor Prousky) related to the refusal of Victor Prousky, on the grounds of solicitor and client privilege, to answer questions put to him by persons appointed by the OSC under s. 11(2) of the Securities Act to make an investigation into the affairs of Greymac Credit.

In both cases, the information refused by the solicitors included information as to large sums of money belonging to Greymac Credit that had been paid to the solicitors.

Coopers & Lybrand Limited was originally appointed receiver and manager of Greymac Credit under s. 17(2) of the Securities Act by order of Maloney J. made ex parte on January 21, 1983. The appointment was to continue until February 4, 1983. An application to set aside the order of Maloney J. was dismissed on January 25, 1983, by Montgomery J. On February 4, 1983, O'Brien J. made a further order appointing Coopers & Lybrand Limited until March 31, 1983, as receiver and manager of all property in the possession of or under the control of Greymac Credit. The order required the receiver and manager to report to the Court and to the OSC as to its findings and conclusions regarding the affairs of Greymac Credit on or before March 31, 1983.

The order of O'Brien J. of February 4, 1983, also contained the following provisions:

"3. AND IT IS FURTHER ORDERED that Greymac Credit Corporation their officers, directors, trustees, servants, solicitors and agents, do forthwith deliver to the said Coopers & Lybrand Limited as such Receiver and Manager or to such agent or agents or counsel as it may appoint, all of the said property and all books, documents, papers, deeds and records of every nature and kind whatsoever and wherever situate relating to the said Respondent.

4. AND IT IS FURTHER ORDERED that the said Receiver and Manager be and it is hereby authorized and empowered to subpoena witnesses and conduct examinations under oath in relation to the affairs of Greymac Credit Corporation."

The provisions I have quoted obviously resulted from the difficulties being encountered by the receiver and manager in locating and taking possession of the assets owned by or otherwise in the possession of Greymac Credit, including the sum of \$7,500,000 that had apparently been paid to the solicitors of Greymac Credit. The order contained the following recital: "and nothing in this order shall be deemed to affect any applicable solicitor client privilege".

A motion for leave to appeal from the order of O'Brien J. of February 4, 1983, appointing Coopers & Lybrand as receiver and manager for Greymac Credit was brought before Labrosse J. on March 8, 1983. It was argued particularly that the paragraphs of the order authorizing the examination of witnesses, and directing the receiver and manager to report to the OSC and the Court were in error. Labrosse J. dismissed the application for leave to appeal, and in my view, it is no longer open to Greymac Credit to question the validity of any part of the order of O'Brien J. of February 4, 1983, appointing Coopers & Lybrand as receiver and manager.

On February 4, 1983, O'Brien J. also dismissed an application brought by Greymac Credit for an order directing Coopers & Lybrand to retain counsel independent of the solicitors acting for the OSC, and to refrain from consulting with the OSC, or its counsel, with respect to matters concerning Greymac Credit. O'Brien J. further dismissed on February 4, 1983, an application by Greymac Credit to discharge Coopers & Lybrand as receiver and manager of Greymac Credit on the grounds, inter alia, that it had failed to maintain a position of neutrality between the OSC and Greymac Credit, had retained as counsel Messrs. Lockwood, Bellmore and Moore, who were the same solicitors as were retained to act for the OSC in the matter, and were carrying out an investigation for and on behalf of the OSC to determine the status of a deposit of \$7,500,000 paid by Crown Trust to Greymac Credit. No leave was sought to appeal the orders of O'Brien J. of February 4, 1983, dismissing the motions referred to in this paragraph.

By order dated January 25, 1983, the OSC appointed G.W. Curran and others under s. 11(2) of the Securities Act to make an investigation for the due administration of the Act into the affairs of Greymac Credit during the period from September 1, 1982, to the date of the order.

The powers of the investigators so appointed are derived from sub-sections (3) and (4) of s. 11 of the Securities Act, which read as follows:

"(3) For the purposes of any investigation ordered under this section, the person appointed to make the investigation may investigate, inquire into and examine,

- (a) the affairs of the person or company in respect of whom the investigation is being made and any books, papers, documents, correspondence, communications, negotiations, transactions, investigations, loans, borrowings and payments to, by, on behalf of or in relation to or connected with the person or company and any property, assets or things owned, acquired or alienated in whole or in part by the person or company or by any person or company acting on behalf of or as agent for the person or company; and
- (b) the assets at any time held, the liabilities, debts, undertakings and obligations at any time existing, the financial or other conditions at any time prevailing in or in relation to or in connection with the person or company and the relationship that may at any time exist or have existed between the person or company and any other person or company by reason of investments, commissions promised, secured or paid, interests held or acquired, the loaning or borrowing of money, stock or other property, the transfer, negotiation or holding of stock, interlocking directorates, common control, undue influence or control or any other relationship.

(4) The person making an investigation under this section has the same power to summon and enforce the attendance of witnesses and compel them to give evidence on oath or otherwise, and to produce documents, records and things, as vested in the Supreme Court for the trial of civil actions, and the failure or refusal of a person to attend, to answer questions or to produce such documents, records and things as are in his custody or possession makes the person liable to be committed for contempt by a judge of the Supreme Court as if in breach of an order or judgment of the Supreme Court provided that no provision of the Evidence Act exempts any bank or any officer or employee thereof from the operation of this section."

The former solicitors for Greymac Credit refused to deliver all of the property of Greymac Credit to Coopers & Lybrand, despite the provision to do so that was contained in the order appointing Coopers & Lybrand as receiver and manager of Greymac

Credit. The former solicitors also made it clear that they would not answer questions about the affairs of Greymac Credit of the type I have dealt with in the stated case in any examination by the receiver and manager under its order of appointment, or by the investigators appointed under s. 11 of the Securities Act. The OSC then brought motions for rulings as to the extent to which the former solicitors could rely on the solicitor and client privilege of Greymac Credit as against the receiver and manager, and as against the investigators appointed under s. 11 of the Securities Act. These motions were argued together before O'Brien J. on February 18, 1983.

In reasons for judgment delivered on February 21, 1983, O'Brien J. held that the solicitor and client privilege, if it existed, could be waived by the receiver and manager. Counsel had agreed that one decision by him would apply to both applications. The effect of his decision, therefore, was to hold that the receiver and manager could waive the solicitor and client privilege of Greymac Credit both in its examinations of the solicitors in connection with its duties as receiver and manager and in respect of the investigation under s. 11 of the Securities Act.

Linden J. granted leave to appeal to this Court from the order of February 21, 1983, in OSC v. Greymac Credit, the application dealing with the right of waiver in connection with

the inquiries by the receiver and manager. The grounds for the granting of leave were that the decision of O'Brien J. appeared to be in conflict with the decision of Osler J. in Re Presswood and International Chemalloy Corp., and it was desirable that an appeal be allowed. Linden J. assumed that the order under appeal was interlocutory in nature.

The order regarding the investigation under s. 11 of the Securities Act was appealed by Greymac Credit directly to the Court of Appeal. We were informed that the Court of Appeal held that an appeal did not lie to it, because the order below was interlocutory. In order that all matters might be heard together, I granted leave to appeal the order to this court, for the reasons given by Linden J. in the case of the other order.

Decision on the Appeal in OSC v. Greymac Credit

The duty of Coopers & Lybrand, as receiver and manager appointed under s. 17 of the Securities Act by the order of O'Brien J. of February 4, 1983, was and is, in its role as receiver, to locate and take possession of property belonging to Greymac Credit on behalf of, or in trust for, any other person or company. As manager, it was and is the responsibility of Coopers & Lybrand to manage the business of Greymac Credit for the time being. The appointing order states in several places, where special powers are given to

the receiver and manager, that they are given for the protection of the undertaking, property and assets of Greymac Credit.

The receiver and manager was appointed by the Court, not by the OSC, and its purpose, in my view, is to preserve the undertaking and assets of Greymac Credit pending completion of the investigation of Greymac Credit by investigators appointed by the OSC under s. 11 of the Securities Act, or pending the expiry of other sanctions imposed by the OSC under s. 17(1) that may affect its ability to carry on business. It is only to that extent, in my view, that the appointment of the receiver and manager under s. 17(2) can be said to be a part of the investigating process, as was suggested by Labrosse J. in his endorsement of March 8, 1983, refusing leave to appeal from the order of O'Brien J. of February 4, 1983, appointing the receiver.

The function of the receiver and manager is not to investigate the affairs of Greymac Credit, except to the extent necessary to locate and take possession of its assets. If it was intended that Coopers & Lybrand should investigate generally the affairs of Greymac Credit, Coopers & Lybrand should have been appointed by the OSC for that purpose under s. 11 of the Act. Persons appointed by the OSC under s. 11 are no more entitled to demand disclosure of privileged information and documents than are peace officers executing a search warrant, or the Director of Investigation under the Combines Investigation

Act. It is significant that the OSC has no power to appoint a receiver or a receiver and manager under s. 11. That power can only be exercised by the Court under s. 17. A receiver and manager thus appointed is an officer of the Court, and responsible to the Court.

Greymac Credit still exists as a legal entity. The effect on a corporation of the appointment of a receiver and manager was described by the House of Lords in Moss Steamship Company, Limited v. Whinney, [1912] A.C. 254, 263, in the following passage quoted by O'Brien J.:

"This appointment of a receiver and manager over the assets and business of a company does not dissolve or annihilate the company, any more than the taking possession by the mortgagee of the fee of land let to tenants annihilates the mortgagor. Both continue to exist; but it entirely supersedes the company in the conduct of its business, deprives it of all power to enter into contracts in relation to that business, or to sell, pledge, or otherwise dispose of the property put into the possession, or under the control of the receiver and manager. Its powers in these respects are entirely in abeyance."

The powers of the board of directors of Greymac Credit to manage the affairs of the corporation are held for the time being by the receiver and manager. Included in these powers, in my judgment, is the power to waive any solicitor and client privilege of the corporation. But that power of waiver, like the other powers of the board of directors held by the receiver and manager, can be exercised by the receiver and manager only for the purposes for which it was appointed. Thus, the receiver

and manager, as was held by the learned judge below, can waive the privilege to obtain information regarding the assets and affairs of the company from a solicitor or former solicitor of the company. Neither Gordon, Traub and Rotenberg nor Victor Prousky can lawfully refuse to answer questions put to them by, or on behalf of, the receiver and manager, regarding the assets and affairs of Greymac Credit, because the receiver and manager can waive the solicitor and client privilege of Greymac Credit upon which the solicitors now rely as justification for their refusal to answer.

The receiver and manager is required under the order of O'Brien J. of February 4, 1983, to report to the Court and to the OSC "as to its findings and conclusions regarding the affairs of Greymac Credit on or before the 31st day of March, 1983". No doubt that date may be extended, if necessary, because of the delays resulting from the events and proceedings that led to the matters before this Court. There is no merit, in my view, in the submission that such report should be confidential, if it is based, in part, on information received from the solicitors that was formerly privileged. The submission is that the report should be for the eyes of the Court only, and should be sealed. That suggestion is quite unrealistic, in my view, because the Court is not equipped or qualified to deal with the report from the receiver and manager without hearing the submissions of counsel for interested persons. One of those persons is the OSC. As Labrosse J. pointed out, the OSC is a public body,

and its duty is to protect the interests of members of the public who are creditors of, or otherwise interested in, Greymac Credit.

In any event, it is obvious, that the likelihood of the report being based to any great extent on privileged material is greatly reduced by the finding above on the stated case, that many of the matters as to which those solicitors have asserted the privilege are not protected by the privilege, apart altogether from the question of waiver.

For the foregoing reasons, the appeal from the order of O'Brien J. in the application OSC v. Greymac Credit Corporation is dismissed. There will be no order as to costs.

Decision on the Appeal in OSC v. Victor Prousky

With the greatest deference to the learned judge below, I think he was wrong in holding that the receiver and manager has power to waive the solicitor and client privilege of Greymac Credit for the purpose of requiring the former solicitors to answer questions put to them by the persons appointed under s. 11 of the Securities Act to investigate the affairs of Greymac Credit. This conclusion follows from the views expressed above that the powers of the receiver and manager can be validly exercised only for the purposes for which the receiver and manager was appointed. As the investigation of the affairs of Greymac Credit is not one of those purposes, the power to waive the solicitor and client privilege cannot

be exercised in order to make available to the investigators privileged information and material that they could not otherwise obtain.

On the other hand, it is apparent from the findings above that much of the information and material refused by the former solicitors is not privileged. I think that the reasons above respecting the stated case will provide sufficient guidance as to what is privileged and what is not.

The appeal, therefore, is allowed, and the order below is varied by adding to paragraph 2 thereof the words "except to the extent that such questions require the disclosure of information that is subject to the solicitor and client privilege of Greymac Credit Corporation."

Again, there will be no costs of the appeal.

RELEASED: March 30, 1983

J. M. Anthony

I agree: H. K. K.

I agree holding.

IN THE SUPREME COURT OF ONTARIO

DIVISIONAL COURT

SOUTHEY, KREVER and CRAIG JJ.

IN THE MATTER OF the Public Inquiries
Act, R.S.O. 1980, Chapter 411;

AND IN THE MATTER OF a Commission
appointed pursuant to section 152
of the Loan and Trust Corporations
Act, R.S.O. 1980, Chapter 249 to
conduct a special examination and
audit and to inquire generally into
the conduct of the business of Seaway
Trust Company, Seaway Mortgage
Corporation, Greymac Trust Company,
Greymac Mortgage Corporation and
Crown Trust Company.

IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1980, c. 466

BETWEEN:

ONTARIO SECURITIES COMMISSION

- and -

GREYMAC CREDIT CORPORATION

IN THE MATTER OF THE SECURITIES ACT,
R.S.O. 1980, c. 466

AND IN THE MATTER OF GREYMAC TRUST
COMPANY, GREYMAC CREDIT CORPORATION
AND CROWN TRUST COMPANY

BETWEEN:

ONTARIO SECURITIES COMMISSION

- and -

VICTOR PROUSKY

REASONS FOR JUDGMENT

SOUTHEY J.

Released: March 30, 1983
/tt

Letter dated November 11,
1982 from Thorne Riddell
to Kilderkin



November 11, 1982

Mr. David Wiggins,
Executive Vice-President,
Kilderkin Investments Ltd.,
165 Dundas Street West,
Mississauga, Ontario,
L5B 2N6.

Dear David:

Thank you for taking the time to come in and discuss with me today the planning for the various assignments we are presently carrying out for Kilderkin. This planning has been made somewhat more critical in view of two of your most recent hirings at the controller and assistant controller level.

My understanding of the work to be done by Mary Jane Zulian and Carol Somerville as your employees and work to be done by Thorne Riddell as distinct from Mary Jane and Carol is as follows:

Mary Jane Zulian and Carol Somerville

1. Summarize and journalize all of Char's properties.
2. Journalize and clear remaining section of Char's files with Thorne's involvement being limited to detailed review at the manager level by Eric Long.
3. Journalize and clear the remaining sections of Bumblebee with Thorne's involvement limited to a detailed review at the manager level by Eric Long.
4. Complete W.C. Player Real Estate with Thorne's involvement the same as noted in 2 and 3.
5. Complete 350929 Ontario Limited with Thorne's involvement being the same as previously mentioned.

David, I feel it is important for the sake of continuity Mary Jane and Carol should continue to do all of the above work, journalize all the appropriate entries, make the decisions with regards to any adjustments that need to be made regarding lawyers accounts, etc. and prepare financial statements and tax returns for these companies. I then will do the detailed

.../2

review of these files, which are in essence our property, and submit for typing and partner review at that time.

In addition I would foresee as a result of our conversation today that, Carol and Mary Jane would finalize all previous year's financial statements, incorporate all of the adjusting entries into the various companies books and prepare the various financial statements and tax returns for the period ending June 30, 1981.

Thorne Riddell

We are in agreement that Thorne Riddell will become involved with the non-audit review of Kilderkin Investments Ltd. for the period ended April 30, 1982. I would anticipate that Grant Barber from our office will come in on November 22, 1982 and assist your staff in analyzing and bringing to some sort of conclusion that April 30, 1982 year end work. At some time - I hope very soon - I will be able to place a C.A. in a position as senior on this particular assignment and at that time will have to review again the status of this April 30, 1982 work. You are to confirm with me later today, possibly how much time you feel this will take but, in the interim I would propose that we make Grant Barber available for the balance of this calendar year and possibly the C.A. on into January - February if this is necessary.

I would like to set down some general principles that we discussed. Technically speaking the files that are presently in various stages of completion are Thorne Riddell's but, for all practical purposes I have no objections to Carol and Mary Jane continuing to work on these files and bringing them to a point where I can do the detailed review on them. To my way of thinking it becomes relatively academic as to who will clear these notes or do the work as I feel from discussions with you that you would rather your staff clear up these matters to a point where we will have no difficulty issuing some sort of notice to reader or accountant's comments on these various statements. I think it is important though, that we stay in constant communication so that if, at some point in time, you wish us to become more involved in this historical work because of other demands placed on Mary Jane and Carol's time we would be in a position to have staff available to do this for you.

The work that we have presently not assigned to either your staff or ours is as follows:

1. Bill's personal work
2. Player's girls

.../3

.../3

3. Char, 350929 Ontario Limited, Bumblebee and W.C. Player Real Estate - subsequent to their 1981 year ends.
4. Bob Storey
5. Carmel, Nottawood and numerous other companies.

You have agreed to review these with Mary Jane and Carol and get back to me as soon as possible as to what priority you place on these assignments and whether your staff or ours should be responsible for the work.

David, I know that you concur that, due to the number and level of staff that you have hired away from us and the fact that they were on your job, we are going to have to work together to come up with best integration of our staff in order to complete the assignments as expeditiously as possible. To do this means to maintain a certain amount of flexibility and working together to try and meet whatever deadlines we set. I think it is important that when we set a deadline we try as hard as we can to meet it and we will try to do that to the extent we can.

Thanking you again for the time taken to discuss these matters with me and hoping to hear from you as you get clarified in your own mind any further details regarding the assignments we have not specifically set time frames for.

Personal regards,

Yours very truly,

THORNE RIDDELL,

Per:

Eric Long

/adp

bcc: J. Scott
Jim Cameron

Letter dated November 17,
1982 from Thorne Riddell
to Page of Department of
Insurance

THORNE RIDDELL

Chartered Accountants



November 17, 1982

Mr. R.G. Page
Director Trust and Loan Division
Department of Insurance
Ottawa, Ontario

Dear Mr. Page:

Re: Greymac Mortgage Corporation

Further to our October 15, 1982 meeting, we have met with Mr. W. Player in order to review his personal net worth. The information which follows is based on the items discussed during our meeting with Mr. Player as well as our personal knowledge of his affairs but cannot be considered to have the degree of accuracy possible if we had current audited financial statements available.

Mr. Player's net worth is largely represented by his investment in W. Player Holdings Limited. Included in this holding are the three undernoted major assets:

14,000,000 Shares of Camreco Limited, based on the approximate current trading value on the Toronto Stock Exchange	<u>\$20,000,000</u>
Shares in Greymac Mortgage Corporation	In excess of \$20,000,000
100% Interest in Kilderkin Investments Limited	See explanation

The investment in Kilderkin Investments Limited is extremely difficult to value and quantify as a result of the recent Cadillac Fairview transaction and the provincial government rent legislation announced November 16, 1982. This company has excess cash on hand of approximately \$8,000,000. In addition, there are considerable mortgages and notes receivable. The profit on the Cadillac Fairview transaction is, I understand, very significant and would greatly impact on any value attributed to Mr. Player's interest in this company.

The above noted major assets comprise the bulk of Mr. W. Player's net worth but do not include all his assets. We believe, however, that you will find this information satisfactory for your purposes.

Yours very truly,

THORNE RIDDELL

Per:

Jim Cameron
/pk

Suite 401, 201 City Centre Drive, Mississauga, Ontario, L5B 2T4 / 416/276-8910

IN THIS TRUST AGREEMENT made March /1 , 1983
435713 ONTARIO INC. ("Corporation"), an Ontario corporation,
and ROBERT J. HALL ("Hall") of the City of Toronto in the
Municipality of Metropolitan Toronto agree as follows:

INTERPRETATION

1. (1) In this agreement:

- (a) "Markle" means Andrew F. Markle;
- (b) "Settlor" means the Corporation;
- (c) "term" means from December 17, 1982 to the
date of payment of the balance of the trust
fund to the Corporation;
- (d) "trust fund" means the \$250,000.00 referred
to in clause (b) of section 2 and
- (e) "Trustee" refers to Hall in his capacity as
trustee under this agreement.

- (2) Headings are including in this agreement for con-
venience of reference only and do not affect the
interpretation of this agreement.

- (3) References in this agreement to a section, subsection or schedule are references to that section, subsection or schedule contained in, or attached to, this agreement.
- (4) This agreement is governed by the laws of the Province of Ontario.

REPRESENTATIONS AND WARRANTIES

- 2. Hall and the Corporation each represent and warrant to the other that:
 - (a) Hall is employed by the Corporation under the terms and conditions set out in:
 - (1) a memorandum from Hall to Markle dated July 7, 1982, a copy of which is attached as Schedule A to this agreement and
 - (2) a letter from Markle to Hall dated July 20, 1982, a copy of which is attached as Schedule B to this agreement.
 - (b) Hall received the following amounts from the Corporation on the dates set out below:

<u>Amount</u>	<u>Date</u>
\$200,000.00	December 17, 1982
50,000.00	December 22, 1982
<hr/>	
Total: \$250,000.00	

- (c) The purpose of the trusts contained in this agreement is to compensate Hall for resigning as a partner of MacGillivray & Co. in order to be employed by the Corporation.
- (d) Hall received the amounts referred to in clause (b) of this section in trust upon the trusts set out in this agreement.

TRUSTS

3. (1) The Settlor settled upon the Trustee the trust fund upon the trusts set out in this agreement.
- (2) The Trustee accepts the trusts created by this agreement.
- (3) The trusts set out in this agreement are irrevocable.

INVESTMENTS

4. The Trustee shall invest the trust fund in any manner he deems appropriate and shall distribute the income and capital in accordance with this agreement.

INCOME

5. (1) The Trustee shall pay to the Corporation all income accrued on the trust fund to, and including, January 31, 1983 on the date of execution of this agreement.
- (2) The Trustee shall pay to Hall any income accrued on the trust fund after January 31, 1983 upon receipt by the Trustee of that income.

CAPITAL

6. (1) The Trustee shall pay to Hall on the date of execution to this agreement \$50,000.00 out of the capital of the trust fund.
- (2) The Trustee shall pay to Hall \$50,000.00 out of the capital of the trust fund on each February 1, commencing February 1, 1984 as long as the trust fund is at least \$50,000.00.

- (3) The Trustee shall pay to Hall the balance of the capital of the trust fund, if any, on February 1 of the first year in which on February 1 the trust fund is not at least \$50,000.00.
- (4) If during any month of the term commencing after January 31, 1983 Hall does not receive at least \$8,300.00 from the Corporation as employment income the Trustee shall pay to Hall \$8,500.00 out of the capital of the trust fund on the first day after the end of that month.
- (5) On the first day Hall ceases to be employed by the Corporation for any reason whatsoever the Trustee shall pay to Hall the balance of the capital of the trust fund, if any.
- (6) Notwithstanding the foregoing if any payment to Hall out of the capital of the trust fund would otherwise be the payment of the balance of the capital of the trust fund, the Trustee shall pay to Hall that balance less one dollar (\$1.00) and after that payment to Hall, the Trustee shall pay one dollar (\$1.00) to the Corporation.

OTHER PAYMENTS

7. Any amounts paid to Hall pursuant to the trusts created by this agreement are in addition to, and not in satisfaction of, any amounts payable to Hall by the Corporation arising in any manner whatsoever in connection with the employment of Hall, or its termination, by the Corporation.

LIABILITY OF TRUSTEE

8. The Trustee is not liable to any party to this agreement for any loss or damage to that party for any act or omission of the Trustee as long as the Trustee acts in good faith in attempting to perform the obligations of the Trustee contained in this agreement.

NOTICE

9. Any notice given pursuant to this agreement is to be in writing and delivered to the party to whom it is to be given or mailed by prepaid registered mail to:

(1) in the case of the Corporation at:

P. O. Box 339
Elmvale, Ontario
L0L 1P0

(2) in the case of Hall at:

19 St. Cuthbert's Road
Toronto, Ontario
M4G 1V2

or at any other address as the party to whom such notice is to be given has last notified to the party giving the notice in the manner provided in this section. Any notice mailed by prepaid registered postage is deemed to be given on the fourth postal delivery day following the date of its mailing unless prior to such day postal service is interrupted by strikes or otherwise.

TIME

10. Time is of the essence of this agreement.

ENTIRE AGREEMENT

11. This agreement is the entire understanding between the parties with respect to the subject matter of this agreement and supersedes all understandings, oral or written, by any of the parties with respect to the subject matter of this agreement.

AMENDMENT

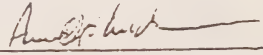
12. This agreement may not be amended except by an agreement in writing signed by both parties.

ASSIGNMENT

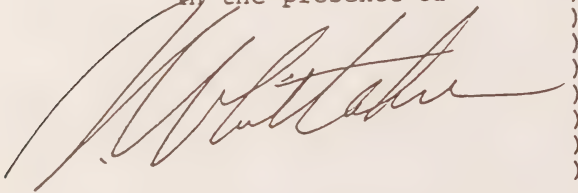
13. This agreement is binding upon and enures to the benefit of the heirs, executors, administrators, successors and assigns of the parties to this agreement.

The parties executed this agreement on March 11, 1983.

437513 ONTARIO INC.

by 
President

SIGNED, SEALED AND DELIVERED)
in the presence of)




Robert J. Hall 

July 10, 1984
 Bill Hall

Following our conversation on Monday, I am outlining the
 major items to be discussed in the understanding of the job
 which may have been done at some point, and if
 appropriate you can be kept in the know. Details are
 which can be kept open when necessary.

1. Organization

- to be employed by 435. - to be luc
- to report to you
- to establish a financial reporting program and
 organize the flow of information from subsidiaries
 and affiliates of 435 necessary to monitor the
 business performance of these existing investments
- to undertake assignments as directed by you with
 regard to the status of potential investments along
 the same lines as has been our working
 relationship over the past 2 years
- to complete other projects at your direction
- to assist in the collection of information in dealing
 with regulatory bodies, to assist in the supply
 of information for the meeting, etc.

See Staff

- initially to locate further training space at Seaway to
: select office

- to have use of Seaway's staff and facilities to the extent
required, and to depend upon them with the general
business activities of the firm

compensation

- Annual Salary of \$100,000

- participation in the extent practicable, in a profit-sharing
arrangement to be set by you in conjunction with
a program contemplated for some personnel of the

new Arrangement

- to reduce the risk to me in these early years of 435713
a sum of money, perhaps \$250,000 - \$300,000 will be
deposited in a specified trust for a period of 10
to 15 years. Provided the success of 435713 and the
arrangement I will have no vested interest in the
funds. In the event of a business failure of 435713
within the above time period, these funds will be
directed to me.

OK

Andrew F. Markle

P.O. BOX 339 • ELMVALE, ONTARIO L0L 1P0
TELEPHONE (705) 322-1871

July 20th, 1982

Mr. Robert J. Hall
19 St. Cuthbert's Avenue
Toronto, Ontario

Dear Robert:

This letter is in response to your memorandum dated July 7th, 1982, a copy of which I have attached to this letter.

Your description of the employment arrangements we have discussed between 435713 Ontario Inc. and yourself with respect to job description, location and staff, and compensation, confirms my understanding of the arrangements we have discussed.

With respect to the proposed trust arrangement, my wish is that \$250,000 be placed in a mutually satisfactory trust account, with \$50,000 per annum to be transferred to your beneficial ownership over the first five years of your employment with 435713 Ontario Inc. Under circumstances to be defined in the trust agreement, any balance not transferred to your beneficial ownership would be so transferred prior to the end of the five year period. Income generated by the capital in the trust account would accrue to your benefit from the outset.

I understand that you have now advised your partners at MacGillivray & Co. of your decision to leave the partnership at the end of 1982 or thereabouts. Your confirmation that this has occurred and an indication of your target in respect to completing your responsibilities at MacGillivray & Co. would be appreciated.

If the above comments meet with your approval, would you kindly confirm our understanding by return letter.

Yours very truly



Andrew F. Markle

AFM/bb



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